S1507-1-U

District of Columbia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1988

February 1, 1989

Dear Citizens:

After seven consecutive years of balanced budgets, the General Fund had a deficiency of revenues under expenditures for the fiscal year ended September 30, 1988. Revenues were $3,364.4 million and expenditures and other financing uses were $3,378.7 million, resulting in a deficiency of $14.3 million. The 1988 financial statements include the operations of Saint Elizabeths Hospital which was transferred from the Federal government to the District on October 1, 1987.

While tax revenues were $148.2 million more than 1987, they were $34.0 million under budget. General sales and use taxes, corporate franchise taxes and public utility taxes were considerably below budget. The tax on long distance telephone calls was budgeted for 1988 but not collected because of an adverse court decision which is being appealed. Part of the additional tax revenues were used to cover the cost of operating Saint Elizabeths Hospital. At the same time, because of drug-related convictions, increased claims and judgments against the District, court-ordered requirements, the homeless referendum and entitlement programs, pressure was put on expenditures.

One of the financial inequities facing the District is that the Federal government is not contributing its fair share to the cost of District operations. From 1984 to 1988, District sources of revenues increased from $1,589.5 million to $2,349.7 million, or 47.8%. During the same five years, the Federal payment increased from $417.2 million to $459.5 million, or 10.1%. If the Federal payment had increased at the same rate as the increase in District revenues, the Federal payment would have been $616.6 million in 1988, an additional amount of $157.1 million. Looking at it another way, the Federal payment was equal to 26.3% of District resources in 1984 but was only 19.6% in 1988.

Another serious financial inequity is the $1.9 billion unfunded pension liability which the District inherited from the Federal government when it gained Home Rule in 1975. Because of the initial and continued underfinancing by the Federal government, the unfunded actuarial liability now stands at $4.4 billion and is expected to grow to $12.8 billion by 1999.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its 1987 comprehensive annual financial report. This was the seventh consecutive year that the District has received this prestigious award. The certificate is awarded only to those jurisdictions whose financial reports comply with rigorous program requirements and standards. Only eleven other states have received this certificate.

Despite the serious challenges the District faced, improvements were made and quality services were provided to citizens.

The District's unemployment rate was 4.5% in November 1988. This contrasts with the national civilian jobless rate of 5.6%. Compared to November 1987, there were 12,200 more District residents with jobs and 4,100 fewer unemployed. This was the lowest November rate recorded in the District since 1971, when the rate was 3.7%.

In 1987, a new program was launched to guarantee that every graduate not going on to college or military service would have a job or job training. Since its inception, PROJECT SUCCESS has placed 1,045 graduates in permanent jobs and has 237 active participants.

In 1988, the District's Home Purchase Assistance Program closed 627 loans to low and moderate income households to enable them to become homeowners for the first time. These loans totalled $11.8 million and leveraged an additional $27.8 million in private mortgage loans to these families, bringing the total of home purchase financing to nearly $40 million.

The plant at Blue Plains received a national honor in 1988 when the District received the first Outstanding Achievement in Water Pollution Control award from the Water Pollution Control Federation. The award recognized the contributions to cleaning up the Potomac River made by the Department of Public Works and Blue Plains. This is the first time a wastewater treatment facility has been given such an award for improving the environment.

The District has continued to refund its long term general obligation debt. During 1988, $98.8 million was refinanced which will result in a savings of $9.5 million to the taxpayers over the next 15 years. The total savings for the seven refundings during the past four years is $862.3 million.

The ability of the District to identify and maintain minimum acceptable standards of service levels will be severely tested in the next several fiscal years because of the cutbacks in Federal grants, the growth in entitlement programs and the need to meet court-ordered requirements. These pressures will exert a greater burden on the utilization of general revenues to meet the operational needs of the District. I will continue to follow sound fiscal policy by increasing the efficiency and effectiveness of the District's operations, by exploring alternative revenue sources and by reducing the level of certain services to maintain a balanced budget.

Sincerely,

Marion Barry, Jr.
Mayor

District of Columbia

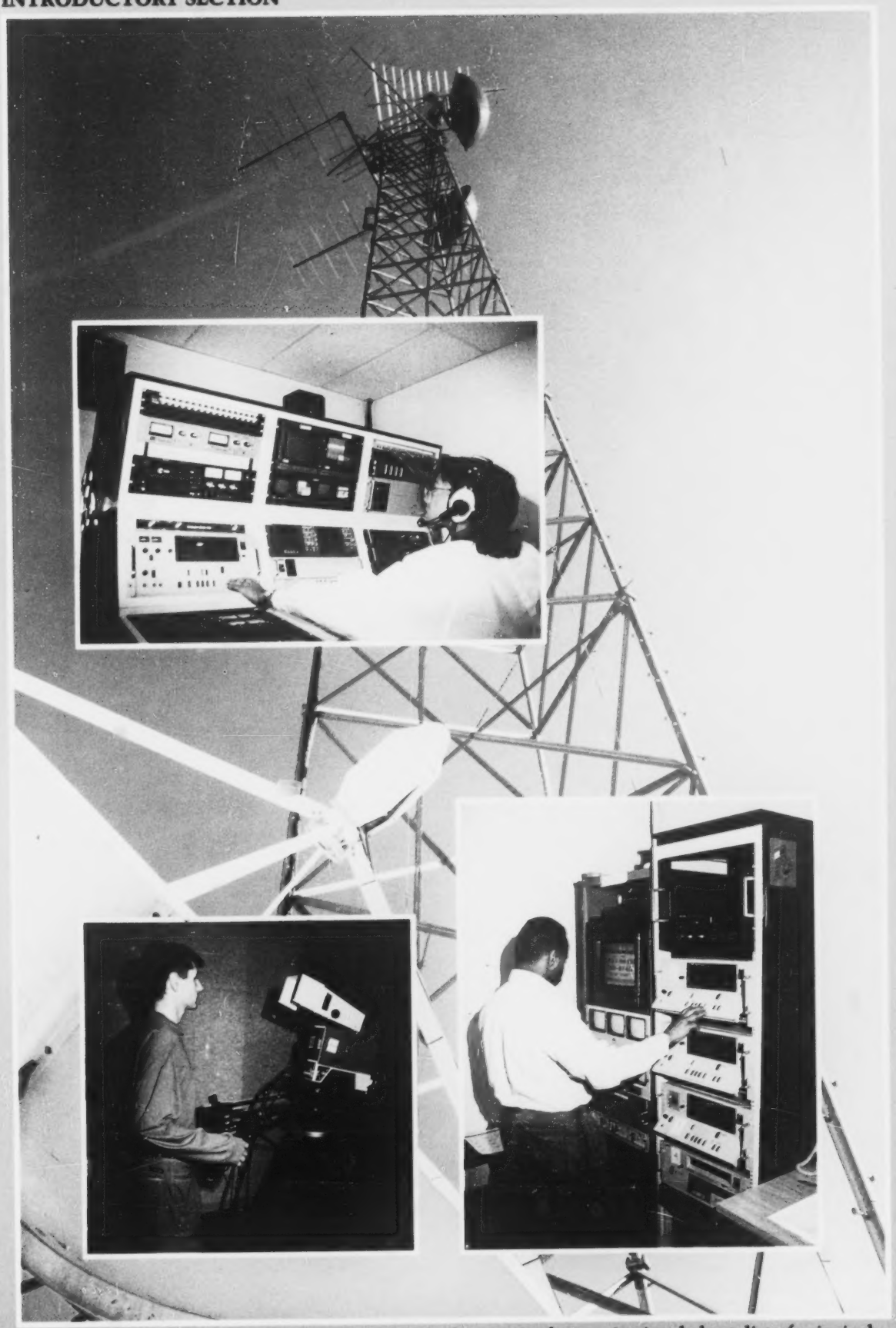
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1988

Prepared by:

Office of the Controller
N. Anthony Calhoun
D.C. Controller
415 Twelfth Street, NW
Washington, DC 20004

INTRODUCTORY SECTION



This section contains the table of contents, letter of transmittal, organizational chart, list of principal officials and Certificate of Achievement for Excellence in Financial Reporting.

SAFEWAY
THE WORLD TECHNOLOGY
TRADE CENTER
TECHWORLD
1 million
square feet
of office and
Now leasing
for 1989
occupancy
785-8700

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 1988

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INDICES: A Statistical Index to District of Columbia Services contains historical, current and planned data about the people, the neighborhoods, the economy and the government of the District. Federal and District agencies, businesses and other private and public organizations provide information displayed in *INDICES* which is published in July of each year. A copy of the 250 page reference book may be purchased from the Mayor's Office of Policy.

DISTRICT OF COLUMBIA
OFFICE OF FINANCIAL MANAGEMENT
1350 PENNSYLVANIA AVENUE, NORTHWEST
WASHINGTON, DC 20004
1-202-727-2476

January 26, 1989

Robert Pohlman
Deputy Mayor for Financial Management

The Honorable Marion Barry, Jr.,
Mayor of the District of Columbia:

The comprehensive annual financial report of the District of Columbia, for the fiscal year ended September 30, 1988, is submitted herewith. This report was prepared by the Office of the D.C. Controller. Responsibility for both the accuracy of the financial data and the completeness and fairness of the presentation, including all disclosures, rests with the District. It is believed that the data are accurate in all material respects, are presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds, and include all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs. Note 1 in the financial section of this report presents a summary of the significant accounting policies that have been adopted by the District for preparing its financial statements.

Reporting Entity

This comprehensive annual financial report covers all funds and account groups of the District government including appropriate combined, combining and individual fund statements, notes to the financial statements, schedules, narrative explanations and statistical tables. Where it enhances communication and understanding of the financial statements, similar funds are aggregated on a functional basis within a fund type.

The criteria used in determining the scope of the entity for financial reporting purposes are manifestations of oversight (financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships. This report includes the oversight unit and all potential component units except the District of Columbia Economic Development Finance Corporation which is excluded because its appointed board members have no continuing relationship with the District; its board designates the management and has sole budgetary authority; the District cannot significantly influence the corporation's operations and is not legally or morally obligated for the corporation's debt; and the corporation controls surpluses and deficits and is responsible for fiscal management and project selection.

The Washington Metropolitan Area Transit Authority is a joint venture of Maryland, Virginia and the District, and is a separate reporting entity. The District's investment in the joint venture is included in the financial statements in this report. Note 4 in the financial section of this report presents information about the Transit Authority.

Services Provided

The District provides the full range of state, county and city services. This includes public safety (police, fire, corrections and courts), public works (transportation, sanitation and construction), social services (health, welfare and recreation), economic development (planning, housing, regulation and employment), education (schools and libraries) and general administrative services. In addition, the District operates a water and sewer utility service, a general hospital, a stadium and armory complex ("Starplex"), a convention center, a lottery and a university.

Component Unit Financial Statements

Financial statements are issued by the Public Schools, Water and Sewer, General Hospital, Convention Center, Lottery and Games, University, Unemployment Compensation, Housing Finance and Pension component units of the District. Copies of these statements may be obtained by writing to the respective organization units.

Accounting System

The District's accounting system is organized and operated on a fund basis. A fund is a group of functions combined into a separate accounting entity (corresponding to a corporation in the private sector) having its own assets, liabilities, equity, revenues and expenditures/expenses. The types of funds used are determined by generally accepted accounting principles and the number of funds established within each type is determined by sound financial administration. Specialized accounting and reporting principles and practices apply to governmental and expendable trust funds. Proprietary and pension trust funds are accounted for in the same manner as similar business enterprises or nonbusiness organizations.

Internal Control

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

Budgetary control is maintained at the object class and control center level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of object class and control center balances are not released until additional appropriations are made available or the overrun is approved by an authorized person. However, expenditures may not legally exceed appropriations at the functional level of classification. All appropriations and encumbrances lapse at the end of each fiscal year except for capital projects.

The District's appropriated budget is enacted on a basis not consistent with generally accepted accounting principles. The principal difference is the exclusion of interfund, gift, grant and refunding revenues and related expenditures from the appropriated budget.

General Fund

Governmental funds consist of the General Fund and the Capital Projects Fund. Operations are reported to show an *excess* or *deficiency* on a flow of *current financial* resources measurement focus. Capital outlays, debt proceeds and principal payments are included in their operating statements. Depreciation is not charged against operations. Interest incurred during construction is not capitalized.

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund operations are summarized below ($ millions).

	1988	1987	Increase
Revenues	$3,364.4	3,055.4	309.0
Expenditures and uses	3,378.7	3,035.1	343.6
Excess (Deficiency)	$ (14.3)	20.3	(34.6)

The General Fund changes in cash and investments are summarized below ($ millions).

	1988	1987	Increase
Originations	$3,568.0	3,412.6	155.4
Applications	3,638.3	3,443.2	195.1
Increase (Decrease)	$ (70.3)	(30.6)	(39.7)

The General Fund had a total fund deficit of $218.9 million at September 30, 1988 represented by liabilities of $696.1 million less assets of $477.2 million. The total fund deficit reported in the first complete audit for 1980 was $377.8 million.

The amount of revenues by source class and the changes from last year are shown in the following tabulation ($ millions).

Source Class	1988 Amount	Percent of Total	Percent Increase (Decrease) from 1987
Property taxes	$ 609.4	18.1%	12.6%
Sales and use taxes	469.0	13.9	2.1
Income and franchise taxes	744.3	22.1	9.0
Gross receipts taxes	103.3	3.1	3.5
Other taxes	95.9	2.9	6.0
Total taxes	2,021.9	60.1	7.9
Licenses and permits	31.6	0.9	(0.9)
Fines and forfeits	41.6	1.2	8.1
Charges for services	207.4	6.2	54.2
Miscellaneous	47.2	1.4	95.9
Total District sources	2,349.7	69.8	11.7
Payment in lieu of taxes	459.5	13.7	(4.2)
Operating grants	555.2	16.5	17.3
Total Federal sources	1,014.7	30.2	6.5
Total revenues	$3,364.4	100.0%	10.1%

The amount of tax revenues by source and the variances from budget and last year are shown in the following tabulation ($ millions).

Source	1988 Actual	Variance - Favorable (Unfavorable) From Budget	From 1987
Property taxes:			
Real	$ 544.2	1.5	63.8
Personal	58.4	—	3.0
Public space rental	6.8	1.0	1.4
Total	609.4	2.5	68.2
Sales and use taxes:			
General	390.7	(13.5)	8.9
Alcoholic beverages	5.7	(0.8)	(0.8)
Cigarette	11.2	(0.1)	1.0
Hotel occupancy	5.2	(1.0)	(1.2)
Motor fuel	27.6	2.3	2.1
Motor vehicle	28.6	(0.7)	(0.4)
Total	469.0	(13.8)	9.6
Income and franchise taxes:			
Individual income	592.8	15.5	79.6
Corporation franchise	123.1	(25.5)	(15.4)
Unincorporated business	28.4	(5.3)	(2.7)
Total	744.3	(15.3)	61.5
Gross receipts:			
Public utility	73.1	(18.8)	0.3
Insurance companies	30.2	5.7	3.2
Total	103.3	(13.1)	3.5
Other taxes:			
Inheritance and estate	33.6	3.8	6.5
Recordation	34.2	1.0	0.7
Transfer	28.1	0.9	(1.8)
Total	95.9	5.7	5.4
Total taxes	$2,021.9	(34.0)	148.2

The real property tax levy of $509.8 million in 1988 represents an increase of 8.6% over 1987. The assessed value of taxable real property of $31.7 billion in 1988 represents an increase of 12.6% over 1987. Collections of current real property taxes were 98.4% of the levy in 1988 as compared to 98.0% in 1987. Delinquent real property taxes outstanding were 1.8% of the levy in 1988 and 3.2% in 1987.

The percent of taxpayers with an annual income below $10,000 decreased 0.5% between 1986 and 1987, from 27.4% to 26.9% of the total number of taxpayers. The percent of taxpayers with a taxable income over $25,000 increased 0.4% during the same period, from 28.3% to 28.7%.

The assessed value of nontaxable property decreased to 43.2% of total assessed value in 1988 from 45.1% in 1987. The value of commercial construction increased 10.3% from 1987 to 1988 and the value of residential construction decreased 46.6% during the same period.

Individual income tax rates were changed to 6%, 8% and 9.5% for 1988.

The amount of expenditures and uses by function and the changes from last year are shown in the following tabulation ($ millions).

Function	1988 Amount	Percent of Total	Percent Increase (Decrease) from 1987
Current expenditures:			
Governmental direction	$ 148.2	4.4%	8.7%
Economic development	251.6	7.4	5.2
Public safety and justice	886.5	26.2	8.9
Public education system	627.4	18.6	13.2
Human support services	1,259.0	37.3	31.9
Public works	266.0	7.9	6.1
Future employee benefits	(353.8)	(10.5)	68.4
Total	3,084.9	91.3	12.6
Debt service:			
Principal	66.6	2.0	24.7
Interest and fiscal charges	150.7	4.4	1.5
Other financing uses (sources):			
Refunding net proceeds	—	—	—
Operating transfers out	76.5	2.3	(19.0)
Total expenditures and uses	$3,378.7	100.0%	11.3%

The amount of current expenditures by object class and the changes from last year are shown in the following tabulation ($ millions).

Object Class	1988 Amount	Percent of Total	Percent Increase (Decrease) from 1987
Salaries and wages	$1,366.0	44.3%	17.9%
Total employee benefits	667.3	21.6	31.1
Future employee benefits	(353.8)	(11.5)	68.4
Contractual services	294.3	9.5	28.3
Supplies	75.9	2.5	17.7
Occupancy	114.7	3.7	11.4
Public assistance	467.6	15.2	4.9
Other	452.9	14.7	3.1
Total current expenditures	$3,084.9	100.0%	12.6%

Capital Projects Fund

During 1988, grants, loans and transfers totaled $195.1 million and capital outlays were $281.7 million which resulted in a deficiency of $86.6 million. The capital outlays consisted of $276.8 million for general fixed assets and $4.9 million for proprietary fixed assets. The Capital Projects Fund had a total fund balance at the end of the year of $54.5 million.

Proceeds of general obligation bonds issued for capital projects are credited as "other financing sources" in the Capital Projects Fund. Completed projects and construction in progress at year end are recorded in the General Fixed Assets Account Group or in the proprietary fund to which they apply. Note 5 in the financial section of this report presents information about the fixed assets of the District.

Enterprise Funds

Enterprise funds are used to account for component units engaged primarily or solely in selling goods or services to the general public on a continuing basis. Operations are reported to show a *net income* or *net loss* on a flow of *economic* resources measurement focus. Capital outlays, debt proceeds and principal payments are not included in their operating statements. The cost (including interest incurred during construction) of fixed assets acquired is capitalized and recovered through depreciation charged against operations over the lives of the assets. Depreciation on fixed assets acquired by capital grants or by the university is closed to Contributed Capital and not to Retained Earnings.

The District operates six enterprise funds as summarized below ($ millions).

Fund	Operating Revenues	Income (Loss) Before Transfers		Operating Transfers In (Out)	
	1988	1988	1987	1988	1987
Water and Sewer	$197.2	36.1	53.9	—	—
General Hospital	68.5	(43.0)	(42.2)	41.9	42.4
Starplex	6.4	0.9	0.7	—	—
Convention Center	4.7	(10.5)	(10.1)	6.8	6.3
Lottery and Games	55.5	42.9	40.3	(42.5)	(40.1)
University	6.4	(73.5)	(71.9)	71.7	70.2
Total	$338.7	(47.1)	(29.3)	77.9	78.8

The Water and Sewer Fund supplies potable water from the Potomac River and operates a sewerage system. District waste treatment facilities process sewage for the District and local jurisdictions in suburban Maryland and northern Virginia. The fund had net income of $36.1 million in 1988 and $53.9 million in 1987. User charges recovered 134.3% of cost (excluding depreciation) in 1988 and 148.3% in 1987.

The General Hospital Fund operates the 400-bed District of Columbia General Hospital and is a major provider of health services to indigent patients. The hospital recovered 63.9% of its cost (excluding depreciation) through user charges in 1988 and 59.7% in 1987.

The Starplex Fund operates the Robert F. Kennedy Memorial Stadium and the National Guard Armory. User charges recovered 140.8% of cost (excluding depreciation) in 1988 and 139.2% in 1987.

The Washington Convention Center is located midway between the Capitol and the White House and has 378,000 square feet of exhibit and meeting space on two levels. The Convention Center Fund recovered 38.7% of its cost (excluding depreciation) through user charges in 1988 and 42.9% in 1987.

The lottery is accounted for in the Lottery and Games Fund. The lottery had pretransfer income of $42.9 million in 1988 as compared to $40.3 million in 1987 or, 34.9% and 33.2% on gross revenues, respectively.

The University Fund includes all activities of the University of the District of Columbia which is a land-grant institution that provides low cost courses leading to certificate, bachelor and advanced degrees in arts, sciences, teacher education and special career education. The university recovered 8.6% of its cost (excluding depreciation) through user charges in 1988 and 9.2% in 1987.

At September 30, 1988, the enterprise funds had combined fund equities of $708.3 million segregated into capital contributions from the Federal and District governments of $591.7 million and retained earnings of $116.6 million. The combined net income of $30.7 million in 1988 was 9.1% of operating revenues and 4.3% of fund equity.

Trust Funds

Trust funds are used to account for property to which the District has legal title in order to administer it for the benefit of others. Expendable trust funds are those whose principal may be expended and are reported on a current financial resources focus. Pension Trust Funds must preserve their principal intact and are reported on an economic resources focus.

The District operates three trust funds as summarized below ($ millions).

Fund	Operating Revenues	Excess/Income Before Transfers		Operating Transfers In (Out)	
	1988	1988	1987	1988	1987
Unemployment Compensation	$ 76.4	0.1	11.4	—	—
Housing Finance	34.8	0.2	(1.8)	1.8	1.3
Pension	246.9	53.9	208.3	(3.6)	(3.6)
Total	$358.1	54.2	217.9	(1.8)	(2.3)

The Unemployment Compensation Fund pays benefits to unemployed former employees of the District and Federal governments and private employers doing business in the District. At September 30, 1988, the fund had a total fund balance of $91.2 million.

The Housing Finance Fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The bonds are not general obligations of the District and are payable solely from defined revenues and assets of the Fund. At September 30, 1988, the fund had loans receivable of $210.4 million, loans payable of $311.6 million and a total fund balance of $5.6 million.

The Pension Trust Funds pay benefits to retired judges, police officers, fire fighters and public school teachers under the District Retirement Program which is a contributory single employer defined benefit pension plan administered by the District. Other employees are covered by the Civil Service or Social Security Retirement Systems administered by the Federal government.

The District Retirement Program was started in 1916 and operated by the Federal government on an unfunded basis. At the beginning of Home Rule in 1975, the unfunded actuarial liability of the program was $1.9 billion. In 1979, Congress enacted the Retirement Reform Act which authorized 25 annual Federal contributions of $52.1 million from 1980 through 2004. The present value of these contributions in 1975 was $486.8 million or 25.6% of the unfunded actuarial liability at that date.

The District's annual contribution to the Pension Trust Funds mandated by the Retirement Reform Act is primarily on a pay-as-you-go basis through 2004. Beginning in 2005, the District's annual contribution to the Pension Trust Funds will increase to normal cost plus interest on the unfunded actuarial liability.

The unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made by the District in accumulating sufficient assets to pay benefits when due. The smaller the percentage, the stronger the Pension Trust Funds.

The net assets (at market) available for benefits, expressed as a percentage of the total pension benefit obligation, indicates over time whether the program is becoming financially stronger or weaker. The larger the percentage, the stronger the Pension Trust Funds.

Three-year historical trend information was as follows:

Indicator	1988	1987	1986
Unfunded obligation to covered payroll	1,121.8%	1,141.3%	945.6%
Net assets to total obligation	27.4	27.8	29.2

Debt Administration

The following tabulation presents the total general obligation debt of the District at September 30, 1988 and 1987 ($ millions). There is no revenue, special assessment or overlapping debt.

Fund Type or Account Group	1988	1987
Enterprise notes	$ 67.8	71.2
General notes	617.6	643.9
Enterprise bonds	235.0	224.1
General bonds	1,498.5	1,430.4
Total	$2,418.9	2,369.6

The percent of debt to assessed value (which equals estimated actual value) and the amount of debt per capita are useful indicators of the District's debt position. These data for the District at the end of 1988 and 1987 were as follows.

Indicator	1988	1987
Debt to assessed value	7.6%	8.4%
Debt per capita	$3,901	3,810

Through 1984, the District issued general obligation notes for authorized capital projects to the Treasury of the United States. The rate of interest on the notes reflected the cost of money to the Treasury for borrowing at a maturity approximately equal to the period of time the loan was to be outstanding.

During 1988, the District issued $118.2 million of general obligation bonds to advance refund general obligation bonds in the amount of $98.8 million. The interest rates on the refunding bonds are from 4.60% to 7.75%. The rates on the refunded bonds were from 9.20% to 10.25%.

The District also issued $106.2 million of twenty-year general obligation serial and term bonds for capital projects with interest rates from 5.50% to 8.00%.

The long term general obligation debt issued during the year did not exceed the legal debt limitation contained in the Charter. Note 6 in the financial section of this report presents more detailed information about the debt position of the District.

The District has issued private activity bonds which do not constitute an indebtedness of the District and are not a charge against its general credit or taxing powers. The principal and interest are payable solely from revenues of the respective industries to which these bond proceeds were remitted. The amount of bonds outstanding at year end is not reported in the accompanying financial statements.

The District issued general obligation tax revenue anticipation notes in the amount of $150 million dated October 1, 1987 and due on September 30, 1988 with interest from 6.20% to 7.00%. The principal and interest were paid on the maturity date by the General Fund.

Cash Management

Cash from all funds is combined unless prohibited by law. Any cash that is not needed for immediate disbursement is used to purchase securities in which the District is permitted to invest. The District earned $25.6 million on its average cash and investments in 1988 and $18.7 million in 1987, rates of return of 7.1% and 6.6%, respectively, exclusive of fiduciary funds.

Independent Audit

District law (D.C. Code 47-119) requires an annual audit of the financial operations of the District government by an independent certified public accountant. The audit must be conducted in accordance with generally accepted auditing standards and the financial statements must be prepared in conformity with generally accepted accounting principles. This requirement has been complied with and the auditor's opinion has been included in this report.

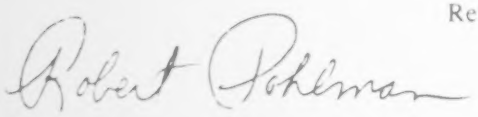
Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its comprehensive annual financial report for the year ended September 30, 1987. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. It is believed that the current report continues to conform to Certificate of Achievement Program requirements and it is being submitted to GFOA to determine its eligibility for another certificate.

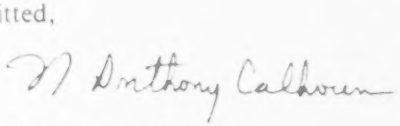
Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Controller's Office. We would like to express our appreciation to all members of the staff who assisted and contributed to its preparation. We would also like to thank the Mayor and members of the Council for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

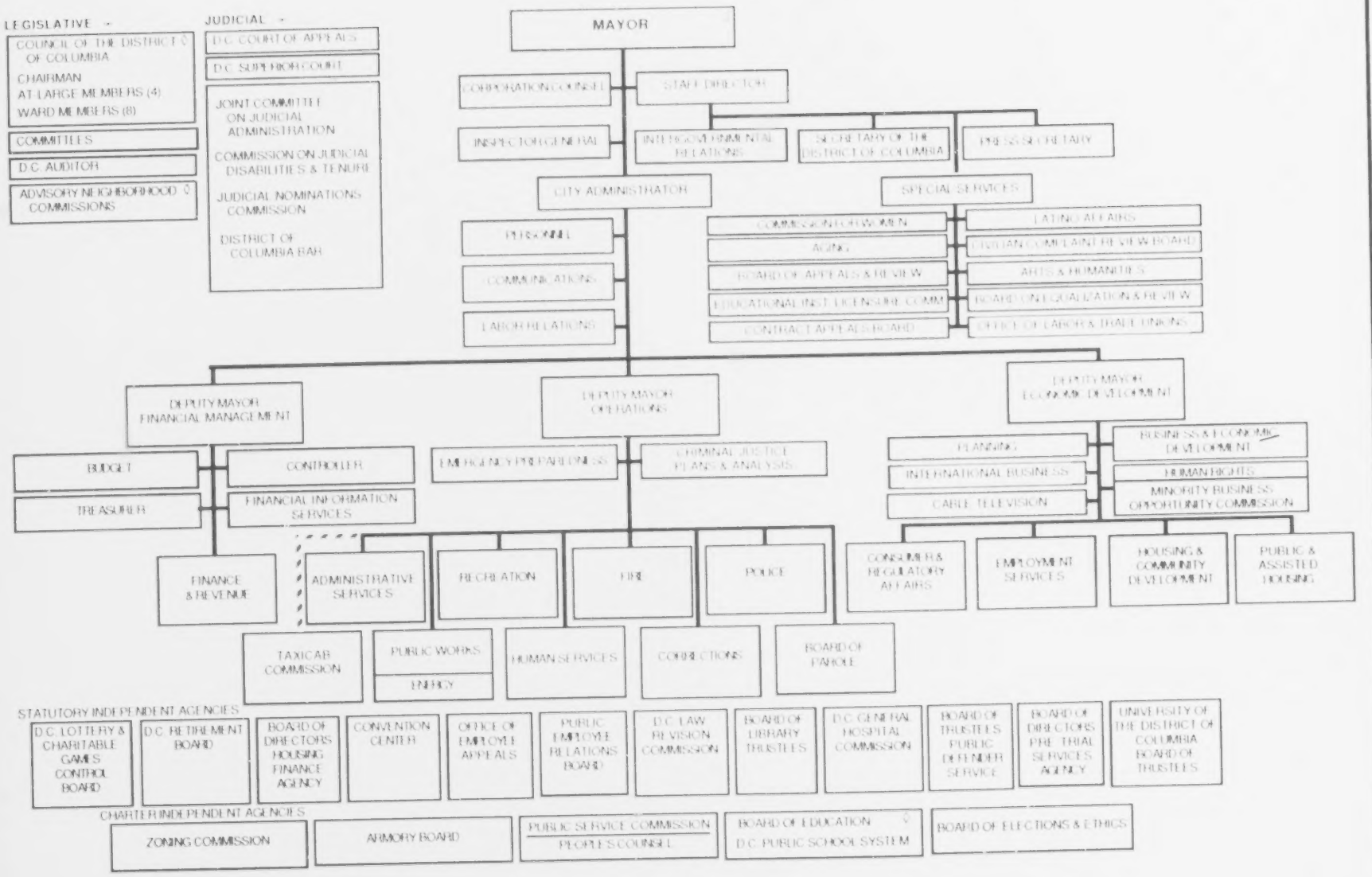


Robert Pohlman
Deputy Mayor for Financial Management



N. Anthony Calhoun
D.C. Controller

ORGANIZATIONAL CHART



PRINCIPAL OFFICIALS

January 2, 1989

Name	Position	Term Expires
Chief Executive Officer		
Marion Barry, Jr.	Mayor	1991
Council		
David A. Clarke	Chairman	1991
Betty Ann Kane	At Large	1991
William P. Lightfoot, Jr.	At Large	1993
Hilda H. Mason	At Large	1991
John L. Ray	At Large	1993
Frank Smith, Jr.	Ward 1	1991
John A. Wilson	Ward 2	1993
James E. Nathanson	Ward 3	1991
Charlene Drew Jarvis	Ward 4	1993
Harry L. Thomas	Ward 5	1991
Nadine P. Winter	Ward 6	1991
H. R. Crawford	Ward 7	1993
Wilhelmina J. Rolark	Ward 8	1993
Chief Judges		
Judith W. Rogers	Court of Appeals	2003
Fred B. Ugast	Superior Court	2003
House of Representatives		
Walter E. Fauntroy	Delegate	1991
Executive Officers		
Carol B. Thompson	City Administrator/Deputy Mayor for Operations	
Robert Pohlman	Deputy Mayor for Financial Management	
Wylie L. Williams, Jr.	Deputy Mayor for Economic Development	
Frederick D. Cooke, Jr.	Corporation Counsel	
Dwight S. Cropp	Secretary of the District of Columbia (acting)	
Vernon S. Gill	Inspector General	
N. Anthony Calhoun	Controller	
Richard C. Siegel	Budget Director	
Sophia L. Green	Treasurer	
Harold L. Thomas	Finance and Revenue Director	
Edward G. Winner	Financial Information Services Director	

Certificate of Achievement for Excellence in Financial Reporting

Presented to

District of Columbia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

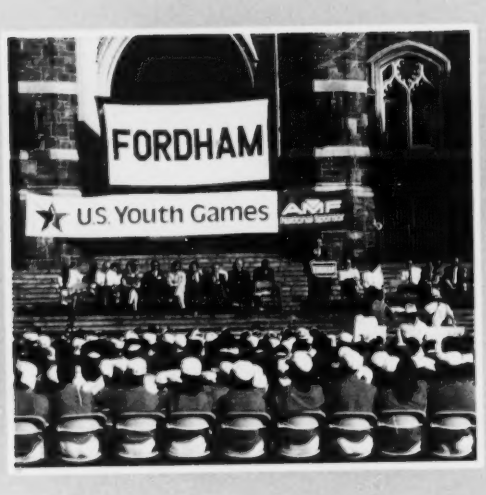
September 30, 1987

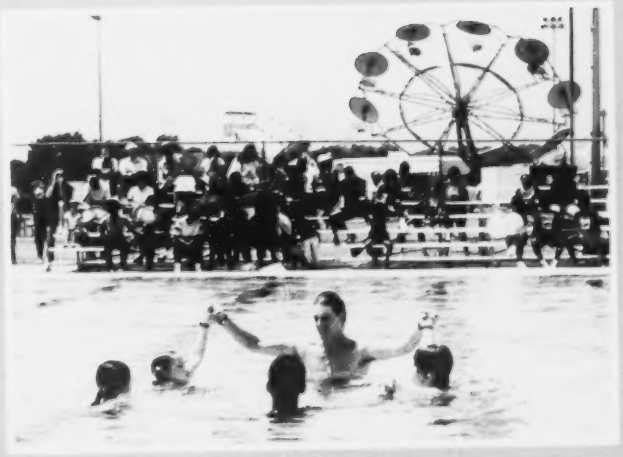
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

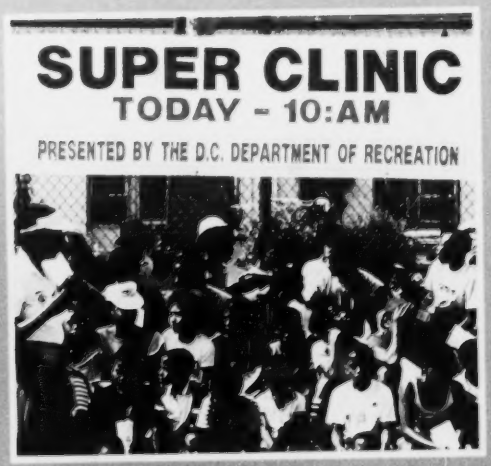
Executive Director

This section contains two subsections: General Purpose Financial Statements and Combining and Individual Fund Statements and Schedules.


FORDHAM
U.S. Youth Games



START
W.Bell & Co.
THE D.C. DEPARTMENT OF RECREATION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TODAY - 10:AM
PRESENTED BY THE D.C. DEPARTMENT OF RECREATION

GENERAL PURPOSE FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position of all fund types and account groups and of the operating results of all fund types.

Potomac Riverfest on Parade

MISS D.C.
RIVERFEST

KPMG Peat Marwick
C.G. Gardiner, P.C.
MITCHELL MITUS & CO.
F. S. TAYLOR & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
WASHINGTON, D.C.

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
of the District of Columbia:

We have audited the general purpose financial statements of the District of Columbia as of and for the year ended September 30, 1988, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the District of Columbia's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District of Columbia at September 30, 1988, and the results of its operations and the changes in financial position of its proprietary fund types and pension trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District of Columbia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Peat Marwick Main & Co.
C. G. Gardiner, P.C.
Mitchell Mitus & Co.
F. S. Taylor & Associates, P.C.

January 25, 1989

Exhibit 1

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

September 30, 1988
With Comparative Totals for September 30, 1987
($000s)

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1988	1987
ASSETS								
Current Assets:								
Cash and investments	$ 91,552	90,479	141,473	—	—	—	323,504	429,275
Receivables (net of allowances for uncollectibles)	207,624	—	77,683	—	—	—	285,507	250,245
Due from Federal government (note 2)	122,538	36,607	6,873	—	—	—	166,018	140,542
Due from other funds (note 3)	—	—	—	—	—	—	—	325
Inventories	24,571	—	14,386	—	—	—	38,957	35,019
Other current assets	1,250	—	3,711	—	—	—	4,961	5,684
Total current assets	447,535	127,086	244,326	—	—	—	818,947	861,090
Long Term Assets:								
Mortgages receivable	22,784	—	—	—	—	—	22,784	—
Due from other governments	—	—	12,659	—	—	—	12,659	17,581
Advance to other funds (note 3)	6,952	—	—	—	—	—	6,952	5,908
Deferred charges	—	—	4,176	—	—	—	4,176	3,992
Total long term assets	29,736	—	16,835	—	—	—	46,571	27,481
Fixed Assets (Note 5):								
Property and equipment	—	—	1,194,636	—	3,736,919	—	4,931,555	4,494,198
Less: accumulated depreciation	—	—	315,183	—	1,290,588	—	1,605,771	1,483,370
Net fixed assets	—	—	879,453	—	2,446,331	—	3,325,784	3,010,828
Restricted Assets:								
Cash and investments	—	—	—	1,454,608	—	—	1,454,608	1,265,498
Due from Federal government (note 2)	—	—	—	526,582	—	—	526,582	544,197
Due from other funds (note 3)	—	—	—	18,403	—	—	18,403	16,171
Due from others (net of allowances for uncollectibles)	—	—	—	243,705	—	—	243,705	234,737
Total restricted assets	—	—	—	2,243,298	—	—	2,243,298	2,060,603
Other Debits:								
Resources to be provided	—	—	—	—	—	4,675,688	4,675,688	4,281,326
Total assets	**$477,271**	**127,086**	**1,140,614**	**2,243,298**	**2,446,331**	**4,675,688**	**11,110,288**	**10,241,328**

The accompanying notes are an integral part of this statement.

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Capital Projects	Enterprise (Note 8)	Trust and Agency (Note 9)	General Fixed Assets	General Long Term Liabilities	1988	1987
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Accounts payable	$130,056	33,313	36,286	—	—	—	199,655	223,357
Compensation liabilities	139,121	—	22,434	—	—	—	161,555	135,779
Due to Federal government (note 2)	40,841	—	10,621	—	—	—	51,712	53,525
Due to other funds (note 3)	16,403	—	—	—	—	—	16,403	16,496
Accrued liabilities	125,736	—	11,551	—	—	—	137,287	125,760
Deferred revenue	228,286	39,295	15,238	—	—	—	282,819	223,895
Current maturities (note 6)	—	—	12,491	—	—	—	12,491	11,620
Other current liabilities	13,650	—	6,174	—	—	—	19,824	32,274
Total current liabilities	696,143	72,608	114,995	—	—	—	883,746	822,706
Long Term Liabilities (Note 6):								
Due to Federal government	—	—	62,136	—	—	617,573	679,709	709,447
General obligation bonds payable	—	—	228,175	—	—	1,498,515	1,726,690	1,648,623
Other long term liabilities	—	—	27,027	—	—	2,559,600	2,586,627	2,234,503
Total long term liabilities	—	—	317,338	—	—	4,675,688	4,993,026	4,592,573
Liabilities Payable from Restricted Assets:	—							
Advance from other funds (note 3)	—	—	—	6,952	—	—	6,952	5,908
Due to others	—	—	—	467,493	—	—	467,493	338,171
Total restricted liabilities	—	—	—	474,445	—	—	474,445	344,079
Total liabilities	696,143	72,608	432,333	474,445	—	4,675,688	6,351,217	5,759,358
Commitments and Contingent Liabilities (Notes 11 and 12)								
Fund Equity:								
Investment in general fixed assets (note 5)	—	—	—	—	2,446,331	—	2,446,331	2,176,867
Contributed capital (note 5)	—	—	591,642	—	—	—	591,642	573,586
Retained earnings (note 7)	—	—	116,639	—	—	—	116,639	78,473
Fund balances:								
Reserved for:								
Long term assets	29,736	—	—	—	—	—	29,736	5,908
Encumbrances	—	54,478	—	—	—	—	54,478	141,113
Net restricted assets	—	—	—	1,768,853	—	—	1,768,853	1,716,524
Unreserved (deficit)	(248,608)	—	—	—	—	—	(248,608)	(210,501)
Total fund equity	(218,872)	54,478	708,281	1,768,853	2,446,331	—	4,759,071	4,481,970
Total liabilities and fund equity	$477,271	127,086	1,140,614	2,243,298	2,446,331	4,675,688	11,110,288	10,241,328

Exhibit 2

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 1988
With Comparative Totals for Year Ended September 30, 1987
($000s)

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Capital Projects	Expendable Trust	1988	1987
Revenues					
Taxes	$2,021,912	—	—	2,021,912	1,873,667
Licenses and permits	31,601	—	—	31,601	31,907
Fines and forfeits	41,594	—	—	41,594	38,569
Charges for services	207,443	—	—	207,443	134,531
Benefit contributions	—	—	76,396	76,396	91,086
Miscellaneous	47,164	—	34,824	81,988	56,380
Intergovernmental (note 1)	1,014,697	102,567	—	1,117,264	1,035,868
Total revenues	3,364,411	102,567	111,220	3,578,318	3,262,008
Expenditures					
Current					
Governmental direction and support	146,134	—	—	146,134	136,320
Economic development and regulation	251,594	—	34,616	286,210	273,353
Public safety and justice	886,537	—	—	886,537	813,947
Public education system	627,393	—	—	627,393	564,411
Human support services	1,258,995	—	76,323	1,335,318	1,034,143
Public works	265,980	—	—	265,980	250,667
Employee benefits addition (deduction)	353,854	—	—	(353,854)	(210,156)
Capital outlays	—	281,732	—	281,732	284,736
Debt service					
Principal	56,630	—	—	56,630	53,416
Interest and fiscal charges	150,699	—	—	150,699	148,408
Total expenditures	3,302,166	281,732	110,939	3,694,839	3,339,245
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	62,243	(179,045)	281	(116,521)	(77,237)
Other Financing Sources (Uses)					
Proceeds (payment) of					
General obligation bonds	100,159	91,929	—	192,088	419,182
Refunded debt	(83,703)	—	—	(83,703)	(239,398)
Refunding charges	(16,456)	—	—	(16,456)	(8,640)
Operating transfers					
Transfers in	46,139	481	1,825	48,445	62,910
Transfers out	(122,661)	—	—	(122,661)	(138,146)
Total other financing sources (uses)	(76,522)	92,410	1,825	17,713	95,708
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(14,279)	(86,635)	2,106	(98,808)	18,471
Fund Balances (Deficit) at Beginning of Year	(204,593)	141,113	94,699	31,219	12,748
Fund Balances (Deficit) at End of Year	$ (218,872)	54,478	96,805	(67,589)	31,219

The accompanying notes are an integral part of this statement.

Exhibit 3

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS

Year Ended September 30, 1988
($000s)

	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)	Nonappropriated Actual
Revenues:				
Taxes	$2,055,891	2,021,912	(33,979)	—
Licenses and permits	34,030	31,601	(2,429)	—
Fines and forfeits	44,177	41,594	(2,583)	—
Charges for services	49,554	48,006	(1,548)	159,437
Miscellaneous	19,854	35,678	15,824	11,486
Intergovernmental	459,500	459,500	—	555,197
Total revenues	2,663,006	2,638,291	(24,715)	726,120
Expenditures:				
Current:				
Governmental direction and support	121,816	120,252	1,564	27,942
Economic development and regulation	123,530	113,869	9,661	137,725
Public safety and justice	705,856	710,071	(4,215)	176,466
Public education system	512,008	516,821	(4,813)	110,572
Human support services	679,929	689,585	(9,656)	569,410
Public works	214,044	213,016	1,028	52,964
Unallocated addition (rescission)	(21,229)	—	(21,229)	—
Employee benefits addition (deduction)	—	—	—	(353,854)
Debt service:				
Principal	70,669	70,770	(101)	4,140
Interest and fiscal charges	149,231	149,081	150	1,618
Total expenditures	2,555,854	2,583,465	(27,611)	718,703
EXCESS OF REVENUES OVER EXPENDITURES	107,152	54,826	(52,326)	7,417
Other Financing Sources (Uses):				
Proceeds (payment) of:				
Refunding bonds	—	—	—	100,159
Refunded debt	—	—	—	(83,703)
Refunding charges	—	—	—	(16,456)
Operating transfers:				
Transfers in	38,509	42,500	3,991	3,639
Transfers out	(125,543)	(125,543)	—	2,882
Total other financing sources (uses)	(87,034)	(83,043)	3,991	6,521
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	20,118	(28,217)	(48,335)	13,938
To adjust for nonappropriated actual	—	13,938	13,938	(13,938)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES (GAAP BASIS)	**$ 20,118**	**(14,279)**	**(34,397)**	**—**

The accompanying notes are an integral part of this statement.

Exhibit 4

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES

Year Ended September 30, 1988
With Comparative Totals for Year Ended September 30, 1987
($000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1988	1987
Operating Revenues:				
Charges for services	$338,739	—	338,739	333,507
Benefit contributions	—	211,034	211,034	201,926
Miscellaneous	—	35,821	35,821	190,364
Total operating revenues	338,739	246,855	585,594	725,797
Operating Expenses:				
Personal services	193,926	—	193,926	182,952
Contractual services	70,726	—	70,726	67,864
Supplies	26,305	—	26,305	26,085
Occupancy	27,035	—	27,035	26,033
Depreciation	27,817	—	27,817	25,497
Benefit payments	—	192,993	192,993	183,972
Miscellaneous	30,795	—	30,795	24,503
Total operating expenses	376,604	192,993	569,597	536,906
OPERATING INCOME (LOSS)	(37,865)	53,862	15,997	188,891
Nonoperating Revenues (Expenses):				
Intergovernmental (note 10)	4,955	—	4,955	5,036
Interest and fiscal charges	(16,852)	—	(16,852)	(19,377)
Refunding charges	(2,969)	—	(2,969)	—
Miscellaneous	5,590	—	5,590	4,430
Total nonoperating revenues (expenses)	(9,276)	—	(9,276)	(9,911)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(47,141)	53,862	6,721	178,980
Operating transfers:				
Transfers in	120,355	—	120,355	118,899
Transfers out	(42,500)	(3,639)	(46,139)	(43,663)
Total operating transfers	77,855	(3,639)	74,216	75,236
NET INCOME	30,714	50,223	80,937	254,216
Depreciation closed to Contributed Capital	7,452	—	7,452	6,973
INCREASE IN RETAINED EARNINGS/FUND BALANCES	38,166	50,223	88,389	261,189
Retained Earnings/Fund Balances at Beginning of Year	78,473	1,621,825	1,700,298	1,439,109
Retained Earnings/Fund Balances at End of Year	$116,639	1,672,048	1,788,687	1,700,298

The accompanying notes are an integral part of this statement.

Exhibit 5

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1988
With Comparative Totals for Year Ended September 30, 1987
($000s)

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise (Note 8)	Pension Trust	1988	1987
Sources of Cash:				
Operations:				
Income (loss) before operating transfers	$ (47,141)	53,862	6,721	178,980
Item not requiring cash:				
Depreciation	27,817	—	27,817	25,497
Working capital provided (required)	(19,324)	53,862	34,538	204,477
Increase (decrease) in current/restricted liabilities:				
Accounts payable	(4,127)	—	(4,127)	5,323
Compensation liabilities	625	—	625	1,584
Due to Federal government	(179)	—	(179)	(2,206)
Due to other funds	(325)	—	(325)	(10,675)
Accrued liabilities	5,403	—	5,403	574
Deferred revenues	2,269	—	2,269	2,221
Current maturities	871	—	871	1,705
Other current liabilities	(2,830)	—	(2,830)	186
Due to others	—	17,522	17,522	(14,161)
Decrease (increase) in current/restricted assets:				
Receivables	(5,521)	—	(5,521)	(9,309)
Due from Federal government	1,339	17,638	18,977	19,643
Due from other funds	—	(1,882)	(1,882)	(1,026)
Inventories	(236)	—	(236)	(2,753)
Other current assets	(19)	—	(19)	1,699
Due from others	—	17,422	17,422	(14,396)
Cash provided (required)	(22,054)	104,562	82,508	182,886
Other sources of cash:				
Deduction of long term assets	4,922	—	4,922	1,818
Disposition of fixed assets	531	—	531	941
Proceeds of long term liabilities	32,357	—	32,357	46,093
Contribution of capital	25,508	—	25,508	18,800
Operating transfers in	120,355	—	120,355	118,899
Total sources of cash	161,619	104,562	266,181	369,437
Uses of Cash:				
Addition of long term assets	184	—	184	1,179
Acquisition of fixed assets	73,840	—	73,840	48,641
Payment of long term liabilities	26,266	—	26,266	30,665
Operating transfers out	42,500	3,639	46,139	43,663
Total uses of cash	142,790	3,639	146,429	124,148
INCREASE IN CASH AND INVESTMENTS	**18,829**	**100,923**	**119,752**	**245,289**
Cash and Investments at Beginning of Year	**122,644**	**1,060,513**	**1,183,157**	**937,868**
Cash and Investments at End of Year	**$141,473**	**1,161,436**	**1,302,909**	**1,183,157**

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

September 30, 1988

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles. A summary of the more significant accounting policies follows.

A. REPORTING ENTITY AND SERVICES PROVIDED

Article I, section 8, clause 17 of the United States Constitution adopted September 17, 1787 states, "The Congress shall have the power . . . to exercise exclusive legislation in all cases whatsoever, over such district (not exceeding ten miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the government of the United States . . ." The District of Columbia was created March 30, 1791 and became the Nation's Capital December 1, 1800. Congress granted the District a Charter which went into effect on January 2, 1975 (the District of Columbia Self-Government and Governmental Reorganization Act, Public Law 93-198, approved December 24, 1973). The District is a municipal corporation which operates under an elected Mayor-Council form of government. An act of the Council, other than a budget request act, becomes a law unless it is disapproved by Congress and the President after it is adopted. Citizens of the District have the right to vote for President and Vice President of the United States but not for members of Congress. The District has an elected nonvoting delegate to the United States House of Representatives. The judges of the District courts are appointed by the President with the advice and consent of the Senate. Felonies committed in the District are prosecuted by the United States Attorney and court orders are carried out by the United States Marshall.

The criteria used in determining the scope of the entity for financial reporting purposes are manifestations of oversight (financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships. The accompanying financial statements include the oversight unit and all potential component units except the District of Columbia Economic Development Finance Corporation. The corporation is excluded because the appointed board members have no continuing relationship with the District; the board designates the management and has sole budgetary authority; the District cannot significantly influence the corporation's operations and is not legally or morally obligated for the corporation's debt; and the corporation controls surpluses and deficits and is responsible for fiscal management and project selection.

The District provides the following state, county and city services: public safety (police, fire, corrections and courts), public works (transportation, sanitation and construction), social services (health, welfare and recreation), economic development (planning, housing, regulation and employment), education (schools and libraries) and general administrative services. In addition, the District operates a water and sewer utility service, a general hospital, a stadium and armory complex ("Starplex"), a convention center, a lottery and a university.

B. BASIS OF PRESENTATION

The accounts of the District are organized in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. The various funds are grouped, in the accompanying financial statements, into three fund categories and four fund types as follows.

Governmental Funds

The **General Fund** is used to account for all financial resources except those required to be accounted for in another fund. Principal and interest payments on general long term debt of the District are accounted for in the General Fund.

The **Capital Projects Fund** is used to account for the purchase of fixed assets which are wholly or partly financed by capital grants or general long term debt and for the construction of fixed assets.

Proprietary Funds

Enterprise Funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the general public on a continuing basis are or could be financed or recovered primarily through user charges.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include expendable trust, pension trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

The **General Fixed Assets Account Group** is used to account for all fixed assets other than those used by proprietary funds.

The **General Long Term Liabilities Account Group** is used to account for long term liabilities intended to be financed from the General Fund.

C. MEASUREMENT FOCUS

The accounting and reporting treatment applied to the fixed assets and long term liabilities associated with a fund is determined by its measurement focus as follows.

Governmental funds and expendable trust funds are accounted for on a flow of current financial resources measurement focus which means that the acquisition and disposition of fixed assets and the proceeds and payment of long term debt are included on their operating statements which present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in working capital.

Proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus which means that the acquisition and disposition of fixed assets and the proceeds and payment of long term debt are included on their balance sheets and not on their operating statements which present increases (revenues) and decreases (expenses) in net income.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Governmental funds, expendable trust funds and agency funds use the "modified" accrual basis and proprietary funds and pension trust funds use the accrual basis as follows.

Revenue Recognition

Revenues of governmental funds and expendable trust funds are recognized when they become available and measurable. Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. Measurable means ascertainable or estimable.

The property tax year is from July 1 to June 30. Real property taxes are levied on July 1 and are payable in two installments on September 15 and March 31. Personal property taxes are due in full on July 31. The District recognizes as revenues in its fiscal year ending September 30, 75% of the property taxes levied on July 1 of the prior year and 25% of the property taxes levied on July 1 of the current year, provided they are available. Real property taxes attach as an enforceable lien on property as of July 1 of the year after levy. Sales taxes are recognized as revenues when the sales take place. Income taxes on individuals, corporations and unincorporated businesses are recognized as revenues when the income is earned by the taxpayer. Taxpayer-assessed taxes, fees, fines and charges are recognized as revenues when cash is received. Interest is recognized through the passage of time.

Allowances for taxes that will ultimately be uncollectible are estimated and recorded as reductions of revenues. Delinquent taxes incur interest and penalty charges which continue to accumulate until paid in full. Such amounts are billed and recorded as revenue. Costs incurred by the District in converting delinquent taxes into tax liens are added to the taxes receivable from delinquent taxpayers.

Interfund transactions that would be treated as revenues and expenditures or expenses if they involved organizations external to the District are accounted for as revenues and expenditures or expenses in the funds involved.

Operating transfers, which are legally authorized transfers from a fund receiving revenues to the fund through which the revenues are to be spent, are recognized when the interfund receivables and payables arise.

Payments in lieu of taxes are recognized as revenues in the year for which they are appropriated. Grants are recognized as revenues when the related costs are incurred. Grants that are collected before the related costs have been incurred are reported as deferred revenues. Probable disallowances of grant expenditures are estimated and accrued. Intergovernmental revenues are recorded in the fund financed.

Revenues of proprietary funds and pension trust funds are recognized when they are earned and become measurable. Earned means collectible from sales of goods and services or the passage of time. Allowances for uncollectible accounts are estimated and recorded as expenses.

Expenditure and Expense Recognition

Expenditures are costs incurred to acquire goods and services. Expenses are expired costs of using goods and services. Expenditures and expenses are recognized when the liability is incurred, if measurable. Under the flow of *current* financial resources measurement focus, expenditures exclude amounts represented by liabilities which are not payable within one year or whose liquidation is reasonably not expected to require the use of current assets. Such noncurrent liabilities are debited to Resources To Be Provided and credited to Other Long Term Liabilities in the General Long Term Liabilities Account Group.

District employees who are subject to the Fair Labor Standards Act earn overtime leave (compensatory time off) at a rate of one and one-half hours for each hour of overtime. Overtime leave accumulates on a weekly basis and is fully vested when earned. Accumulated overtime leave cannot exceed 240 hours (480 hours for safety employees) and any excess hours are paid in cash. An accrual has been provided which records (at current pay rates) the amount of accumulated overtime leave as a current liability in the paying fund.

District employees earn annual leave (vacation) with pay at the rate of 13 days per year, 20 days per year after 3 years of service, and 26 days per year after 15 years of service. Annual leave accumulates on a biweekly basis and is fully vested when earned. Accumulated annual leave cannot exceed 30 days at the end of any calendar year and any leave in excess of this amount expires. An accrual has been provided which reasonably estimates (at current pay rates) the amount of accumulated annual leave. The portion of the accrual which is paid or expires during the fourth quarter of the calendar year is recorded as a current liability in the paying fund. The remainder of the accrual is recorded as Other Long Term Liabilities.

District employees are entitled to sick leave with pay at the rate of 13 days per year. Sick leave accumulates on a biweekly basis without limitation and does not vest. Unused sick leave is credited at the rate of 22 days equal one month of service at the time of retirement and is added to years of service to increase the retirement annuity. No liability for accumulated sick leave is recorded and the expenditure is recognized in the year in which the sick leave is taken.

Unpaid interest incurred on general obligation debt is reported as a current liability in the paying fund. In governmental funds, interest includes bond discount and fiscal charges which are underwriter spread, insurance and other issuance costs. In proprietary funds, bond discount and issuance costs are capitalized as deferred charges and amortized as fiscal charges over the life of the bond issue. Refunding charges include bond discount, issuance costs and defeasance balance (the difference between the payment to the escrow agent and the face amount of the refunded bonds). Refunding charges are recognized in the year of refunding.

Loss contingencies may arise from the risk of uncollectibility of receivables, refundability of tax and grant revenues, claims, judgments and property losses. A loss contingency is accrued when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A loss contingency is not accrued, but is disclosed in the notes to the financial statements, if it is possible but not probable or if the amount cannot be reasonably estimated. A loss contingency is not accrued or disclosed if it is remote (except for guarantees of indebtedness of others).

Loans by a fund to another fund are not expenditures or expenses to the paying fund and are not revenues to the receiving fund. Portions of the loans which are due within one year are reported as Due From or To Other Funds. Portions of the loans which are due after one year are reported as Advance To or From Other Funds. The fund balance is "reserved for long term assets" to indicate the portion that is not available for expenditure within one year.

E. BUDGETING AND BUDGETARY CONTROL

Budgetary Procedures

The District followed these procedures in establishing the budgetary data for the General Fund reflected in the budgetary statement (Exhibit 3).

1. *Proposal*—On February 2, 1987, the Mayor submited to the Council a proposed operating and capital budget for the fiscal year commencing October 1, 1987. The operating budget included proposed expenditures and the means of financing them.

2. *Projects*—The capital budget was prepared on a "project length basis" under which the total outlay was estimated for the length of each project to be started in the fiscal year. The capital budget was authorized by Congress subject to the approval of a financing plan for each project by the Council through the passage of a resolution. A budgetary comparison for the Capital Projects Fund could not be presented in the budgetary statement because the capital budget was not legally enacted on an "annual period basis."

3. *Adoption*—Public hearings were conducted by the Council to obtain taxpayer comments on the proposed budget. On March 17, 1987, the budget was adopted by the Council through passage of a budget request act. (The Council may not adopt any budget in which expenditures and other financing uses exceed revenues and other financing sources for the District government as a whole.)

4. *Approval*—On April 8, 1987, the Mayor approved the adopted budget and forwarded it to the President of the United States for review. (The Mayor may not forward any budget which is not balanced.)

5. *Appropriation*—On April 15, 1987, the President submitted the reviewed budget to Congress which conducted public hearings and enacted the budget and the authorized Federal payment in lieu of taxes through passage of an appropriation law on December 22, 1987. Any revisions that alter the total expenditures of any function must be approved by Congress. Appropriated budget amounts in the budgetary statement include a supplemental appropriation law, enacted by Congress on October 1, 1988, which increased appropriations by $78.3 million.

6. *Amendment*—Appropriated budget amounts may not be transferred between organizational units or between object categories within the same organizational unit except in accordance with the Reprogramming Policy Act (D.C. Code 47-361). Appropriated budget amounts in the budgetary statement include all reprogrammings approved during the fiscal year.

7. *Allocation*—Allocation by agency, control center and object class is employed as a management control device but is not part of the appropriated budget. The Mayor has the power and duty to apportion appropriations during the fiscal year so as to prevent a deficiency.

8. *Compliance*—Appropriated actual expenditures and uses may not legally exceed appropriated budget expenditures and uses at the function level of classification. An unfavorable variance in the budgetary statement for an expenditure or other financing use is a violation of the Anti-Deficiency Act (31 U.S.C. 665).

Budgetary Basis

The legal authorization granted by Congress to incur obligations for specific purposes (the "appropriation") is enacted on a basis not consistent with generally accepted accounting principles (GAAP). The General Fund budgetary statement includes a reconciliation of the "Excess of revenues over expenditures and other uses" on the budgetary basis with the "Excess of revenues over expenditures and other uses" on the GAAP basis. The significant differences between the budgetary basis and the GAAP basis are the following.

1. *Offsets*—The budgetary basis excludes expenditures financed by interfund charges for services, private gifts, intergovernmental grants and refunding bonds. The GAAP basis includes all revenues from whatever source derived and both appropriation and nonappropriation expenditures.

2. *Benefits*—The budgetary basis includes vacation, disability and pension expenditures when they are due. The GAAP basis includes such expenditures when they are incurred and then excludes the portions which are long term liabilities.

Encumbrances

Encumbrances are commitments to acquire goods and services. The recording of purchase orders and contracts in order to reserve that portion of the applicable appropriation is employed as an extension of allocation in the General and Capital Projects Funds. All appropriations and encumbrances lapse at the end of each fiscal year except for capital projects. The fund balance is "reserved for encumbrances" to indicate the portion that is available for expenditure upon vendor performance.

F. CASH AND INVESTMENTS

Cash (including certificates of deposit) from all funds is combined unless prohibited by law. Any cash which is not needed for immediate disbursement is used to purchase investments. The equity in the pooled cash and investments is accounted for as part of the fund to which it belongs. Governmental and proprietary fund investments are stated at the lower of cost or market and fiduciary fund investments are stated at market with accrued interest. Investments are not expenditures or expenses when purchased and are not revenues when sold. Gains or losses are recorded as miscellaneous revenues.

Pooled cash may be invested directly or through repurchase agreements in obligations of the United States or its agencies which are fully guaranteed by the Federal government. Investments may not be held for more than 91 days. The market value of securities collateralizing deposits or underlying repurchase agreements is at least equal to the amount of cash deposited or invested. All securities are held by the District or by its agent in the District's name.

The District may not enter into reverse repurchase agreements.

District cash may not be invested in companies making loans to or doing business with South Africa.

The Pension Trust Funds' cash may be invested in fixed income or equity securities which are held by the funds or by their agent in the name of the funds. Such cash may not be invested in obligations of or real property in Maryland, Virginia or the District and their political subdivisions; or in any one organization (except United States obligations) that represents more than four percent of trust net assets.

G. INVENTORIES

Inventories of supplies on hand are stated at the lower of cost (first-in, first-out) or market. Supplies are recorded as expenditures or expenses when they are used or sold.

H. FIXED ASSETS

Fixed assets and betterments which have an acquisition cost of $1,000 or more per unit and an estimated useful life of three or more years are capitalized. Public domain ("infrastructure") improvements, such as bridges, curbs, gutters, lights, sidewalks, streets and similar assets which are immovable and of value only to the District, are capitalized. Repair and maintenance costs are charged to operations as incurred. Costs of assets retired are removed from the asset and accumulated depreciation accounts.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Costs to acquire fixed assets used in governmental funds are capitalized (accounted for) in the General Fixed Assets Account Group. Depreciation on general fixed assets is debited to Investment In General Fixed Assets and credited to Accumulated Depreciation in the General Fixed Assets Account Group.

Costs (including interest incurred during construction) to acquire fixed assets used in proprietary funds are capitalized in those funds. Operating expenses include depreciation on all depreciable fixed assets. Depreciation on fixed assets acquired through capital grants or by the university is closed to Contributed Capital and reported in the operating statements as an adjustment of net income (loss).

Depreciation has been provided over the estimated useful lives of fixed assets using the straight line method. The estimated useful lives are as follows.

Improvements	30 years
Utility plant	60 years
Buildings	30-50 years
Equipment	3-15 years
Transit system investment	33 years

I. LONG TERM DEBT

Proceeds of general obligation bonds to be repaid from the General Fund and issued to finance capital projects or to refinance general obligation debt are credited to "other financing sources" in the Capital Projects Fund or General Fund, respectively. Principal payments are reported as debt service or "other financing uses" in the General Fund. Such proceeds and principal payments are debited or credited, as appropriate, to Resources To Be Provided and to Due To Federal Government or General Obligation Bonds Payable, as appropriate, in the General Long Term Liabilities Account Group.

A portion of the general obligation debt was incurred for the benefit of the Water and Sewer Enterprise Fund which services that debt as a matter of discretionary financial policy. The fund is not a party to the debt instruments. Proceeds of general obligation notes used to construct an interceptor and sewer line from Washington Dulles International Airport to the District system were debited to Due From Other Governments. The account is credited with a portion of the service charges levied on local jurisdictions benefiting from the facilities.

Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14% of the revenues of the fiscal year in which the debt is issued.

Bonds issued by and to be repaid from the Housing Finance Trust Fund are accounted for in that fund.

J. RESTRICTED ASSETS AND LIABILITIES

All assets of fiduciary funds are restricted as to use by legal or contractual requirements. The accompanying balance sheet segregates restricted assets, and liabilities which are payable from restricted assets, from assets which are unrestricted and therefore are available for general purposes. Any excess of restricted assets over liabilities payable from restricted assets is reported as "reserved for net restricted assets" to indicate the portion of the fund balance that is available for trust purposes only.

K. COMPARATIVE DATA

Summary comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the District's financial position and operations. Prior year totals by fund type have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read. In 1988, the District recognized individual income tax revenue net of refunds paid during the fiscal year ended September 30, 1988. Before 1988, the District recognized such revenue net of estimated refunds payable the following April 15. The effect of changing to this preferable method of calculation increased revenue by $21.2 million in 1988. Additionally, in 1988, the District capitalized mortgage loans receivable that had been charged to current expenditures in prior years. The effect of this change decreased expenditures by $22.8 million.

L. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation because interfund eliminations and other appropriate consolidating entries have not been made in the aggregation of these data.

NOTE 2. DUE FROM OR TO FEDERAL GOVERNMENT

Amounts due from or to the Federal government are included in the following categories in the accompanying balance sheet at September 30 ($000s).

Account	General	Capital Projects	Enterprise	Trust and Agency	General Long Term	Totals 1988	Totals 1987
Current Assets (Note 10):							
Grants	$122,538	36,607	6,873	—	—	166,018	140,542
Restricted Assets (Note 9):							
Unemployment contribution	$ —	—	—	263	—	263	240
Future pension obligation	—	—	—	526,319	—	526,319	543,957
Total	**$ —**	**—**	**—**	**526,582**	**—**	**526,582**	**544,197**
Current Liabilities (Note 6):							
Accrued interest	$ 40,891	—	10,821	—	—	51,712	53,525
Long Term Liabilities (Note 6):							
General obligation notes	$ —	—	62,136	—	617,573	679,709	709,447

Receivables and accounts payable include amounts due from and to the Federal government for commercial transactions in the ordinary course of business. Compensation liabilities include amounts due to the Federal government for income taxes, Civil service and social security contributions withheld from employees and the District's matching contributions for such withholdings.

NOTE 3. INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at September 30, 1988 follow ($000s).

Fund	Receivables		Payables	
	Due From	Advance To	Due To	Advance From
Governmental:				
General	$ —	6,952	18,403	—
Trust:				
Unemployment compensation	1,247	—	—	—
Housing finance	—	—	—	6,952
Pension	17,156	—	—	—
Total	**$18,403**	**6,952**	**18,403**	**6,952**

General Fund charges for services to other funds ($000s) were $37,408. The advance agreements provide for repayment within 15 years from the Housing Finance Fund's excess of revenues over expenditures to the extent it is available outside of the lien of the bond indenture (Note 9).

NOTE 4. INVESTMENT IN JOINT VENTURE

A. GENERAL INFORMATION

The Washington Metropolitan Area Transit Authority is a tax exempt joint venture created in 1967 by compact among Maryland, Virginia and the District pursuant to the "Capital Transportation Act." The Authority is responsible for the construction, financing and operation of mass transit facilities, consisting of a 103 mile, 87 station rapid rail and a 344 route bus transit system, in the counties of Montgomery and Prince George's in Maryland, the counties of Arlington and Fairfax and the cities of Alexandria, Fairfax and Falls Church in Virginia, and the District.

As of September 30, 1988, 70 miles and 64 stations of the rail transit system were operational. Twenty four miles and 16 stations were under construction or final design at that date. Nine miles and 7 stations have not been financed. The system is expected to be completed by 1997. The estimated total cost of constructing the rail transit system is $10 billion. The cost of purchasing the area's privately owned bus companies in 1973 was $60.4 million.

The Authority is a body corporate and politic which is governed by a board consisting of six directors, two each representing Maryland, Virginia and the District. The District's directors are appointed by the Council. The Authority does not have any stockholders, has no taxing power and is not subject to regulatory approval of its fare schedules.

The Authority's operating budget is adopted by the board after each participant has appropriated its share of the required operating and debt service grants for the coming fiscal year. The grants are recorded by the District as current expenditures in the General Fund.

Capital funds are provided through multiyear interim capital grant agreements that specify the amount due from each participant. Federal capital grants are contingent upon matching grants from the participants of 15% to 25%. The grants are recorded by the District as capital outlays in the Capital Projects Fund and accounted for in the General Fixed Assets Account Group as described in Note 5. The cumulative capital outlays are being amortized over 33 years, the estimated useful life of the Authority's fixed assets.

The participants are required to provide a stable and reliable source of revenues to finance the grant payments to the Authority. The revenues allocated by the District to the Authority are sales taxes on motor fuel, parking fees, hotel rooms and restaurant meals; traffic fines; and Federal grants for operating expenses of the Authority.

The District pays the Authority for taking public school students to and from schools or school-related activities by bus or rail. The payments are recorded by the District as current expenditures in the General Fund.

B. FINANCIAL INFORMATION

A summary balance sheet of the Authority at June 30, 1988 and 1987 follows ($000s).

	1988	1987
Current assets	$ 480,197	457,443
Fixed assets, net	5,382,934	5,223,468
Total assets	**$5,863,131**	**5,680,911**
Current liabilities	$ 473,132	448,154
Long term liabilities	993,594	993,453
Total liabilities	**1,466,726**	**1,441,607**
Fund equity	4,396,405	4,239,304
Total liabilities and fund equity	**$5,863,131**	**5,680,911**

A summary operating statement of the Authority for the years ended June 30, 1988 and 1987 follows ($000s).

	1988	1987
Operating revenues	$ 250,219	236,427
Operating expenses:		
Depreciation	136,290	138,049
All other	506,604	457,473
Total operating expenses	**642,894**	**595,522**
OPERATING INCOME (LOSS)	(392,675)	(359,095)
Nonoperating revenues	258,655	223,172
NET INCOME (LOSS)	**(134,020)**	**(135,923)**
Fund equity at beginning of year	4,239,304	4,049,325
Capital grants earned	291,121	325,902
Fund equity at end of year	**$4,396,405**	**4,239,304**
District expenditures ($000s):		
Operating grants	$ 85,741	85,526
Debt service grants	10,331	10,280
Capital grants	7,548	31,055
Total	**$ 103,620**	**126,861**

C. DEBT STRUCTURE

The debt of the Authority does not constitute debt of the District. The Authority issued the following bonds guaranteed by the Federal government ($000s).

Series	Issue Date	Due Date	Rate	Principal	Discount	Net
A	10/1/72	7/1/12	7.30%	$225,000	1,090	223,910
B	1/1/73	7/1/12	7.35	220,000	579	219,421
C	7/1/73	7/1/13	7.75	150,000	375	149,625
D	4/1/74	7/1/14	8.15	225,000	1,362	223,638
E	1/1/75	7/1/14	8.35	177,000	—	177,000
Total				**$997,000**	**3,406**	**993,594**

The payment of debt principal and interest is shared on the basis of two-thirds by the Federal government and one-third by the Authority. The payment of the Authority's share of the bond interest was provided by advances from the Federal government through July 1, 1982. Beginning then, the Authority is required to make annual sinking fund payments of $2.5 million. The interest rates on the advances range from 9.41% to 14.42%. The repayment of the advances before January 1, 1993 will be provided by future debt service grants from the participants to the Authority.

Advances and interest payable to the Federal government by the Authority at June 30, 1988 and 1987 were as follows ($000s).

	1988	1987
Advances	$1,400	9,400
Interest	1,600	9,700
Total	**$3,000**	**19,100**

NOTE 5. FIXED ASSETS

A. GENERAL FIXED ASSETS

A summary of changes in general fixed assets and investment in general fixed assets follows ($000s).

Asset Class	Balance October 1, 1987	Acquisitions	Transfers/ Dispositions	Balance September 30, 1988
Land	$ 150,148	996	40,873	192,017
Improvements	1,073,588	—	109,085	1,182,673
Buildings	1,433,758	—	121,366	1,555,124
Equipment	202,939	18,803	(104)	221,638
Construction in progress	70,155	276,875	(212,842)	134,188
Transit system investment	441,279	—	10,000	451,279
Total	**3,371,867**	**296,674**	**68,378**	**3,736,919**
Less: accumulated depreciation	1,195,000	97,304	(1,716)	1,290,588
Net general fixed assets	**$2,176,867**	**199,370**	**70,094**	**2,446,331**
Federal capital grants	$ 616,125	71,537	(2,193)	685,469
District resources	1,560,742	127,833	72,287	1,760,862
Total investment in general fixed assets	**$2,176,867**	**199,370**	**70,094**	**2,446,331**

A summary of changes in general fixed assets by function follows ($000s).

Function	Balance October 1, 1987	Acquisitions	Transfers/ Dispositions	Balance September 30, 1988
Governmental direction and support	$ 24,991	1,439	22,807	49,237
Economic development and regulation	425,113	2,361	44,454	471,928
Public safety and justice	326,664	5,571	2,958	335,193
Public education system	659,975	4,852	(542)	664,285
Human support services	138,127	1,218	111,785	251,130
Public works	1,285,563	4,358	89,758	1,379,679
Construction in progress	70,155	276,875	(212,842)	134,188
Transit system investment	441,279	—	10,000	451,279
Total	**$3,371,867**	**296,674**	**68,378**	**3,736,919**

Acquisitions consist of expenditures from the General Fund for land and equipment and from the Capital Projects Fund for construction in progress. When a project is completed, costs in the construction in progress account are transferred to one or more of the other asset classes or are removed. The transit system investment is described in Note 4.

B. PROPRIETARY FIXED ASSETS

A summary of changes in proprietary fixed assets and contributed capital follows ($000s).

Asset Class	Balance October 1, 1987	Acquisitions	Transfers/ Dispositions	Balance September 30, 1988
Land	$ 31,971	—	—	31,971
Utility plant	720,129	—	39,505	759,634
Buildings	260,185	911	1,565	262,661
Equipment	79,800	14,046	(1,228)	92,618
Construction in progress	30,246	58,883	(41,377)	47,752
Total	**1,122,331**	**73,840**	**(1,535)**	**1,194,636**
Less: accumulated depreciation	288,370	27,817	(1,004)	315,183
Net proprietary fixed assets	**$ 833,961**	**46,023**	**(531)**	**879,453**
Federal capital grants	$ 144,201	13,900	—	158,101
District resources	429,385	4,160	(4)	433,541
Total contributed capital	**$ 573,586**	**18,060**	**(4)**	**591,642**

Acquisitions consist of expenditures ($000s) from proprietary funds ($66,980) and from the Capital Projects Fund ($4,857) plus interest capitalized ($2,003) for construction in progress.

C. CONSTRUCTION IN PROGRESS

A summary of construction in-progress at September 30, 1988 by function follows ($000s).

Function	Number of Projects	Authorizations	Expenditures	Unexpended Balances
Governmental direction and support	6	$ 8,391	3,596	4,795
Economic development and regulation	4	21,541	2,835	18,706
Public safety and justice	34	145,776	54,607	91,169
Public education system	19	79,892	23,283	56,609
Human support services	60	126,217	33,431	92,786
Public works	27	50,516	16,436	34,080
Total general	**150**	**$432,333**	**134,188**	**298,145**
Water and sewer	9	$204,808	42,073	162,735
General hospital	3	33,650	3,944	29,706
University	4	89,114	1,735	87,379
Total proprietary	**16**	**$327,572**	**47,752**	**279,820**

NOTE 6. LONG TERM LIABILITIES

A. LONG TERM DEBT

Long term debt payable at September 30, 1988 was comprised of the following general obligation notes and serial or term bonds ($000s).

Form	Series	Maturity Date	Interest Rates	Original Amount	Outstanding Amount		
					Enterprise	General	Total
Notes	Treasury	10/1/18	3.00% - 7.87%	$1,014,037	67,752	617,573	685,325
Bonds	1985A	12/1/95	9.50 - 9.50	27,375	4,149	17,791	21,940
Bonds	1985B	6/1/04	8.00 - 9.50	126,840	12,974	103,356	116,330
Bonds	1985C	6/1/05	5.60 - 9.38	210,220	19,580	175,840	195,420
Bonds	1986A	6/1/06	5.00 - 7.88	338,655	68,351	252,999	321,350
Bonds	1986B	6/1/06	4.75 - 7.75	211,960	33,940	167,155	201,095
Bonds	1986C	6/1/06	4.60 - 8.00	212,545	19,265	183,815	203,080
Bonds	1986D	6/1/07	4.50 - 7.38	269,565	20,680	241,430	262,110
Bonds	1987A/B	6/1/07	4.50 - 8.00	195,710	24,147	166,218	190,365
Bonds	1988A	12/1/11	4.60 - 7.75	61,105	9,340	51,765	61,105
Bonds	1988B	6/1/08	4.60 - 7.75	57,125	8,338	46,217	54,555
Bonds	1988C	6/1/08	5.50 - 8.00	106,215	14,286	91,929	106,215
Total				**$2,831,352**	**302,802**	**2,116,088**	**2,418,890**

A summary of changes in long term debt payable follows ($000s).

	Notes		Bonds		
	Enterprise	General	Enterprise	General	Total
Debt payable at October 1, 1987	**$ 71,197**	**643,898**	**224,160**	**1,430,435**	**2,369,690**
Bond proceeds:					
Series 1988A (refunding)	—	—	9,340	51,765	61,105
Series 1988B (refunding)	—	—	8,731	48,394	57,125
Series 1988C (improving)	—	—	14,286	91,929	106,215
Total	**71,197**	**643,898**	**256,517**	**1,622,523**	**2,594,135**
Debt payments:					
Principal matured	3,445	26,325	6,365	40,305	76,440
Principal refunded	—	—	15,102	83,703	98,805
Debt payable at September 30, 1988	**67,752**	**617,573**	**235,050**	**1,498,515**	**2,418,890**
Less - current liabilities	5,616	—	6,875	—	12,491
Long term liabilities	**$ 62,136**	**617,573**	**228,175**	**1,498,515**	**2,406,399**

A summary of principal and interest requirements to maturity of long term debt follows ($000s).

Year	Notes		Bonds		Total
	Principal	Interest	Principal	Interest	
1989	$ 33,575	51,712	50,660	131,185	267,132
1990	33,183	43,034	52,765	129,033	258,015
1991	34,973	40,996	56,135	125,640	257,744
1992	37,074	38,839	59,845	121,892	257,650
1993	38,662	36,546	63,950	117,752	256,910
1994-1998	205,108	145,505	395,360	510,604	1,256,577
1999-2003	219,394	73,544	567,900	330,282	1,191,120
2004-2016	83,356	15,322	486,950	86,544	672,172
Total	$ 685,325	445,498	1,733,565	1,552,932	4,417,320

The general obligation notes are due to the Federal government and contain no pledge of property, sinking fund provisions, subordination, restrictive covenants or default stipulations. The District is in compliance with the terms of the notes.

The general obligation bonds are secured by the full faith and credit of the District and by deposits with banks of a special real property tax for payment of bond principal and interest. At September 30, 1988, the cash with fiscal agents ($000s) was $66,632. The District is in compliance with all limitations and restrictions contained in the bond indentures and in the District of Columbia Self-Government and Governmental Reorganization Act.

Improving bond proceeds ($000s) of $106,215, less bond discount of $91 and issuance costs of $2,033, were available in the amount of $104,091 to finance capital projects.

Refunding bond proceeds ($000s) of $118,230, less bond discount of $100 and issuance costs of $2,835, were used to advance refund bond principal of $98,805, of which the enterprise fund's portion was $15,102. The net proceeds of $115,295 were used to purchase United States government obligations which were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments. Based on the provisions in the bond indentures, the principal of the Series 1985A Bonds maturing on and after December 1, 1996 ($52,625) and the principal of the Series 1985B Bonds maturing on June 1, 2005 ($46,180) are legally satisfied and no longer deemed to be outstanding. Although the advance refunding resulted in an increase in long term debt of $19,425, the District reduced its total debt service requirements by $9,514 over the next 15 years and obtained an economic gain (difference between the present values of the old and new debt service requirements) of $6,544. The effects of the refundings on the enterprise fund's net income were not material.

The District issued general obligation tax revenue anticipation notes ($000s) in the amount of $150,000 dated October 1, 1987 and due on September 30, 1988 with interest from 6.20% to 7.00%. The principal and interest were paid on the maturity date. Interest and fiscal agent's fees were $10,140.

B. OTHER LONG TERM LIABILITIES

A summary of changes in other long term liabilities follows ($000s).

Account	Balance October 1, 1987	Additions	Deductions	Balance September 30, 1988
Enterprise:				
Construction contracts	$ 27,510	—	483	27,027
General:				
Accumulated annual leave	45,235	4,470	—	49,705
Accrued pension cost (Note 9)	2,040,744	221,041	—	2,261,785
Accrued disability compensation	114,684	128,343	—	243,027
Construction contracts	3,683	—	649	3,034
Mortgage bond	2,647	—	598	2,049
Total	$2,234,503	353,854	1,730	2,586,627

The District has issued private activity bonds whose principal and interest are payable solely from defined revenues of private entities. The amount of these no-commitment bonds is not included in the accompanying financial statements.

A predecessor entity of the District issued housing bonds whose principal and interest are payable solely from debt service grants from the Federal government. The amount of these no-commitment bonds is not included in the accompanying financial statements.

C. POSTRETIREMENT BENEFITS

The cost of providing postretirement health care and life insurance for employees hired before October 1, 1987 is borne by the Federal government and the District has no liability for this cost. Employees hired after September 30, 1987 are provided postretirement health care and life insurance benefits by the District. No liability for such benefits is recorded and the cost is recognized in the year in which the benefits are paid. No costs of benefits were included in the operating statement for 1988 because there were no covered retirees. At September 30, 1988, there were 3,339 active employees potentially eligible for postretirement health care and life insurance benefits. The average age of the group was 27.

NOTE 7. RETAINED EARNINGS/FUND BALANCES OF INDIVIDUAL FUNDS

Retained earnings (deficits) of individual Enterprise Funds and fund balances of individual Trust Funds at September 30 are summarized below ($000s).

Fund	1988	1987
Water and sewer	$ 89,144	50,382
General hospital	(7,904)	(6,845)
Starplex	1,339	391
Convention center	11,635	15,364
Lottery and games	1,800	1,405
University	20,625	17,776
Total Enterprise	**$ 116,639**	**78,473**
Unemployment compensation	$ 91,218	91,145
Housing finance	5,587	3,554
Pension	1,672,048	1,621,825
Total Trust	**$1,768,853**	**1,716,524**

NOTE 8. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains six enterprise funds which sell water, sewer, medical, recreational, cultural and educational services to the public on a continuing basis. Financial segment information for the year ended September 30, 1988 was as follows ($000s).

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Total
Operating revenues:							
Gross	$197,174	142,175	6,515	4,663	122,969	6,441	479,937
Deductions*	—	73,723	—	—	67,475	—	141,198
Operating expenses:							
Depreciation	14,333	4,303	940	3,096	397	4,748	27,817
All other	123,847	107,138	4,627	12,103	13,717	87,355	348,787
Operating income (loss)	58,994	(42,989)	948	(10,536)	41,380	(85,662)	(37,865)
Nonop revenues (expenses)	(22,936)	—	—	49	1,515	12,096	(9,276)
Operating transfers in (out)	—	41,930	—	6,758	(42,500)	71,667	77,855
Net income (loss)	36,058	(1,059)	948	(3,729)	395	(1,899)	30,714
Current assets	154,303	39,689	6,429	431	5,052	38,422	244,326
Long term assets	16,835	—	—	—	—	—	16,835
Fixed assets	627,878	47,108	11,417	106,145	2,089	84,816	879,453
Total assets	799,016	86,797	17,846	106,576	7,141	123,238	1,140,614
Working capital (deficit)	93,446	13,048	5,637	(2,392)	(289)	19,881	129,331
Long term liabilities	317,338	—	—	—	—	—	317,338
Fund equity	420,821	60,156	17,054	103,753	1,800	104,697	708,281
Capital contributions	16,636	2,818	—	69	—	5,985	25,508
Fixed asset acquisitions	59,275	6,478	1,105	264	780	5,938	73,840
Fixed asset dispositions	22	382	2	122	—	3	531

* Hospital bad debts, contractual adjustments and charity services.
Commissions and prizes deducted from lottery tickets sold to agents.

NOTE 9. DETAILED INFORMATION FOR TRUST AND AGENCY FUNDS

A. UNEMPLOYMENT COMPENSATION

The District sponsors the Unemployment Compensation System which is administered by the Unemployment Compensation Board and is accounted for as a separate Unemployment Compensation Trust Fund. The fund pays benefits to unemployed former employees of the District and Federal governments and private employers carrying on employment in the District. The District and Federal governments reimburse the fund for benefits paid by it to their respective unemployed former employees. All administrative costs of the system are paid by the General Fund and reimbursed by a Federal grant.

B. HOUSING FINANCE

The District sponsors the Housing Finance Program which is administered by the Housing Finance Agency and is accounted for as a separate Housing Finance Trust Fund. The fund issues bonds and uses the proceeds to finance residential mortgage, construction and rehabilitation loans. The principal and interest of bonds issued by the fund are not general obligations of the District and are payable solely from defined revenues and assets of the fund. Administrative costs of the program are financed by the fund and operating transfers to the fund from the General Fund.

An analysis of amounts due from or to others at September 30, 1988 follows ($000s).

Account	Due From	Due To
Loans	$210,436	311,560
Deferrals	6,106	3,526
Miscellaneous	3,641	9,075
Total	**$220,183**	**324,161**

C. PENSION

Plan Descriptions

The Federal government administers the Civil Service Retirement System (5 U.S.C. 8331) which covers permanent full-time employees hired before October 1, 1987 (except those covered by the District Retirement Program) and the Social Security System (4 U.S.C. 301) which covers all other employees (except those covered by the District Retirement Program).

District contributions to the pension plans administered by the Federal government equaled employee contributions and were as follows ($000s). The District has no further liability to these plans.

Plan	Rate	Employees	1988	1987
Civil Service	7.00%	30,554	$ 59,901	51,864
Social Security	7.51	6,751	11,836	7,145
Total		**37,305**	**$ 71,737**	**59,009**
Total payroll			$1,546,180	1,328,718

The District Retirement Program (D.C. Code 4-601, 11-1561, 31-1201) is a single employer defined benefit pension plan administered by the Retirement Board and accounted for as Pension Trust Funds. Administrative costs of the program are financed by the General Fund and operating transfers to the General Fund from the Pension Trust Funds.

The District Retirement Program covers four classes of employees who contribute a percentage of their salary. The number of participants at September 30, 1988 was as follows.

Class	Rate	Retired	Vested	Nonvested	Total
Judges	3.50%	47	16	44	107
Police officers/Fire fighters	7.00	5,399	4,632	760	10,791
Teachers	7.00	3,581	5,728	1,491	10,800
Total		**9,027**	**10,376**	**2,295**	**21,698**

Teachers who retire at age 55 with 30 years of service, at 60 with 20 years, or at 62 with 5 years are entitled to an annual annuity, payable monthly for life, equal to 1.5% of their average salary for the highest consecutive 3 years for each year of service up to 5 years, 1.75% for each year over 5 years, and 2% for each year over 10 years, up to a maximum of 80%, excluding credit for unused sick leave. Somewhat different age and service formulas are established for judges, police officers and fire fighters. The program also provides death and disability benefits. Benefits vest upon reaching 5 years of service and increase after retirement based upon inflation. Refunds are made if separation occurs before 5 years of service.

Contributions Made

On January 2, 1975, when the District of Columbia Self-Government and Governmental Reorganization Act became effective, the unfunded actuarial liability under the District Retirement Program was $1.9 billion. The Retirement Reform Act (D.C. Code 1-701) authorized the Federal government to make 25 annual contributions ($000s) of $52,070 to the Pension Trust Funds from 1980 through 2004. These contributions total $1.3 billion and had a present value in 1975 of $486.8 million, using a 7% rate of interest. The present value of the future Federal obligation at September 30, 1988 was $526.3 million. The amount is included in Due From Federal Government in the balance sheet of the trust and agency funds.

The Retirement Reform Act also provided that, for each year before 2005, the District will pay to the Pension Trust Funds a sum equal to normal cost (portion of benefits allocated to a valuation year) plus interest on the unfunded actuarial liability or net pay-as-you-go cost (benefit payments less employee contributions), whichever is less, plus annual amortization. An amount is calculated each year to amortize with interest, over a 10 year period, the difference between the projected unfunded actuarial liability as of September 30, 2004 and the unfunded actuarial liability at September 30, 1979 increased by the inflation assumption to September 30, 2004. The actual annual amortization payment may not exceed 30% (10% for police officers and fire fighters) of the net pay-as-you-go cost. In 1988, amortization over 10 years would have been $127.6 million without the percentage limitation. Beginning in 2005, the District's annual contribution to the Pension Trust Funds will increase to cover normal cost plus interest on the unfunded actuarial liability.

The District contributions to the Pension Trust Funds were determined under the Retirement Reform Act on the entry age normal actuarial cost method before the beginning of each year as follows ($000s).

Component	1988	1987
(1) Normal cost plus interest:		
Normal cost	$115,272	95,800
Interest on unfunded actuarial liability	307,200	293,900
Total	**422,472**	**389,700**
(2) Net pay-as-you-go cost	**165,100**	**160,600**
(3) Mandatory contribution:		
Lesser of (1) or (2)	165,100	160,600
Annual amortization	14,800	12,500
Subtotal	**179,900**	**173,100**
(4) Voluntary contribution	410	365
District contribution made	**$180,310**	**173,465**
Employee contribution made	$ 30,724	28,461

Pension Cost

Pension cost is the contribution required by the Pension Trust Funds in order for them to accumulate sufficient assets to pay benefits when due. The pension cost, based on the unit credit actuarial cost method with amortization over a 25 year period, was as follows ($000s).

Component	1988	1987
Normal cost	$137,301	122,084
Interest on unfunded actuarial liability	203,438	194,845
Amortization of unfunded actuarial liability	60,612	42,247
Pension cost	**$401,351**	**359,176**
Covered payroll	$395,806	369,168

Pension cost, less District contribution made, was added to accrued pension cost in Other Long Term Liabilities (Note 6).

Significant actuarial assumptions used to determine pension contributions, costs and obligations were as follows.

Assumption	1988	1987
Rate of return on investments	7%	7%
Salary inflation increase	5	5
Salary merit increase	2	2
Postretirement benefit increase	5	5

Funding Status

The pension benefit obligation (actuarial present value of projected benefits, based on salary increases and step-rate benefits, allocated to service to date) of the District Retirement Program and the market value of the net assets available for benefits were determined at September 30, 1988 as follows ($000s).

Component	1988	1987
Retired employees	$3,029,035	3,012,131
Current employees:		
Employee contributions	266,038	275,806
District financed:		
Vested	2,233,397	1,999,155
Nonvested	583,569	548,121
Total pension benefit obligation	**6,112,039**	**5,835,213**
Net assets available for benefits	1,672,048	1,621,825
Unfunded pension benefit obligation	**$4,439,991**	**4,213,388**

Retired employees include retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them. Employee contributions include allocated investment earnings.

Trend Information

A schedule of pension contributions, costs and obligations expressed as a percentage of annual covered payrolls, and net assets available for benefits expressed as a percentage of total pension benefit obligations, follows.

Indicator	1988	1987	1986
District contribution made	45.6%	47.0%	48.6%
Employee contribution made	7.8	7.7	7.3
Pension cost	101.4	97.3	96.0
Unfunded pension benefit obligation	1,121.8	1,141.3	945.6
Net assets available for benefits	27.4	27.8	29.2

Three-year historical information, designed to show progress made in accumulating sufficient assets to pay benefits when due, is presented in the component unit financial statements issued by the Pension Trust Funds. Information before 1986 is not available.

Supplementary Plans

The District sponsors a money purchase plan (D.C. Code 1-627) with a qualified trust under Internal Revenue Code section 401 for permanent full-time employees covered by the Social Security System. The District contributes 7% of base salaries each quarter. Employees do not contribute to the plan and are eligible to participate after 1 year of service. Contributions and earnings vest fully after 5 years of service. Contributions are reduced if separation occurs before 5 years of service. Contributions are not assets of the District which has no further liability to this plan.

The District sponsors an annuity purchase plan (D.C. Code 31-1252) with insurance companies and other issuers under Internal Revenue Code section 403 for public school teachers covered by the District Retirement Program. Employees may defer up to $9,500 of their annual compensation. The District does not contribute to the plan. Contributions vest immediately and are not assets of the District which has no liability to this plan.

D. DEFERRED COMPENSATION

The District sponsors a deferred compensation plan (D.C. Code 47-3601) which is administered by independent contractors under Internal Revenue Code section 457 and is accounted for as a separate Deferred Compensation Agency Fund. Employees, other than teachers, may defer up to 25% of the first $30,000 of their annual compensation. Compensation deferred and income earned are taxable when paid or made available to the participant or beneficiary upon retirement, death, termination or unforeseeable emergency. The plan assets are the property of the District and are subject to the claims of the District's general creditors. The District is liable to a participant only for income lost because of its failure to invest a deferred amount as directed by the participant.

The market value of the plan assets at September 30, 1988 of $34.0 million is included in Cash and Investments and in Due to Others in the balance sheet of the trust and agency funds.

NOTE 10. INTERGOVERNMENTAL TRANSACTIONS

A. PAYMENT IN LIEU OF TAXES

The Federal payment to the District is in lieu of taxes it would have had to pay had it been subject to taxation and for costs incurred by the District for special purposes. Prior to March 1, the Mayor submits to the Council a requested Federal payment for the fiscal year commencing the following October 1. After action by the Council, the Mayor submits the request to the President for submission to Congress. The amount authorized by Congress to be appropriated as the Federal payment is based upon studies of revenues lost and costs incurred because of the Federal presence and the tax burden on District residents relative to other comparable jurisdictions.

The Federal contribution to the Pension Trust Funds is described in section C of Note 9 and to the Water and Sewer Enterprise Fund in section D of this note. A summary of the Federal payment to the General Fund follows ($000s).

Purpose	1988	1987
General purpose	$430,500	444,500
Saint Elizabeths hospital	29,000	35,000
Total	**$459,500**	**479,500**

B. OPERATING GRANTS

The District participates in Federal grant-in-aid programs. A summary of operating grants by function follows ($000s).

Function	1988	1987
Governmental direction and support	$ 53	—
Economic development and regulation	113,625	102,397
Public safety and justice	1,719	1,403
Public education system	51,951	43,814
Human support services	385,358	322,583
Public works	2,491	2,960
Total general	**555,197**	**473,157**
General hospital	—	113
University	4,955	4,923
Total	**$560,152**	**478,193**

C. CAPITAL GRANTS

Federal capital grants are used for the purchase or construction of fixed assets. Capital grants, except for water and sewer facilities, are recorded as intergovernmental revenues in the Capital Projects Fund. Capital grants for water and sewer facilities are recorded as Contributed Capital in the Water and Sewer Enterprise Fund. A summary of capital grants by function follows ($000s).

Function	1988	1987
Economic development and regulation	$ 6,799	11,442
Public safety and justice	84	—
Human support services	3,474	357
Public works	92,330	71,412
Total general	**102,687**	**83,211**
Water and sewer	16,604	14,827
Total	**$119,291**	**98,038**

D. WATER AND SEWER SERVICES

The Federal contribution ($000s) to the Water and Sewer Enterprise Fund was $40,500 in 1988 and $28,810 in 1987 for water and sanitary sewer services furnished to facilities of the Federal government.

The District exercises no oversight responsibility over the Washington Aqueduct which is owned by the Federal government and operated by the United States Army Corps of Engineers. The District compensates the Federal government for all operating expenses and capital outlays of the Washington Aqueduct. The capital outlays are capitalized and depreciated over 60 years in the Water and Sewer Enterprise Fund. A summary of costs incurred follows ($000s):

Purpose	1988	1987
Operating expenses	$14,585	12,700
Capital outlays	1,978	1,700
Total	**$16,563**	**14,400**

NOTE 11. COMMITMENTS

Minimum future rental payments for all operating leases having noncancelable terms in excess of one year are as follows ($000s):

Year	Facilities	Equipment	Total
1989	$ 32,495	434	32,929
1990	32,581	778	33,359
1991	30,192	762	30,954
1992	26,939	396	27,335
1993	22,579	200	22,779
Thereafter	165,608	—	165,608
Total	**$310,394**	**2,570**	**312,964**

Rental expenditures were $38.4 million in 1988 and $37.2 million in 1987. There were no material capital leases. Grants for mass transit are described in Note 4. Unexpended balances of construction in progress are described in Note 5. Saint Elizabeths mental hospital was transferred from the Federal government to the District on October 1, 1987.

NOTE 12. CONTINGENT LIABILITIES

A. LITIGATION

The District may sustain losses from pending or threatened litigation and asserted or unasserted claims. An accrual of $20.5 million in the General Fund has been provided which reasonably estimates the probable settlement of claims and satisfaction of judgments against the District that may result from these contingencies. No accrual has been provided for possible but not probable additional claims and judgments which are reasonably estimated at $20.0 million.

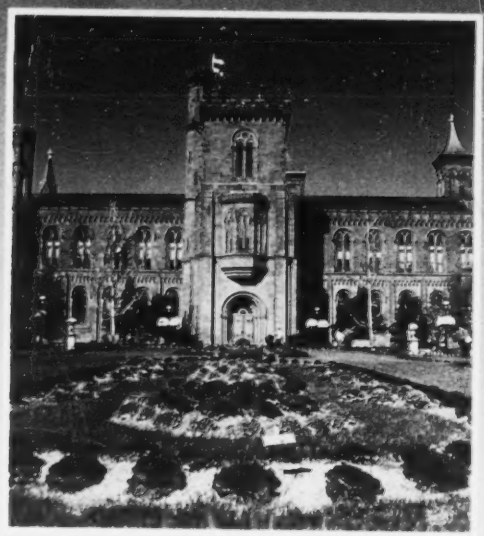
B. FEDERALLY ASSISTED PROGRAMS

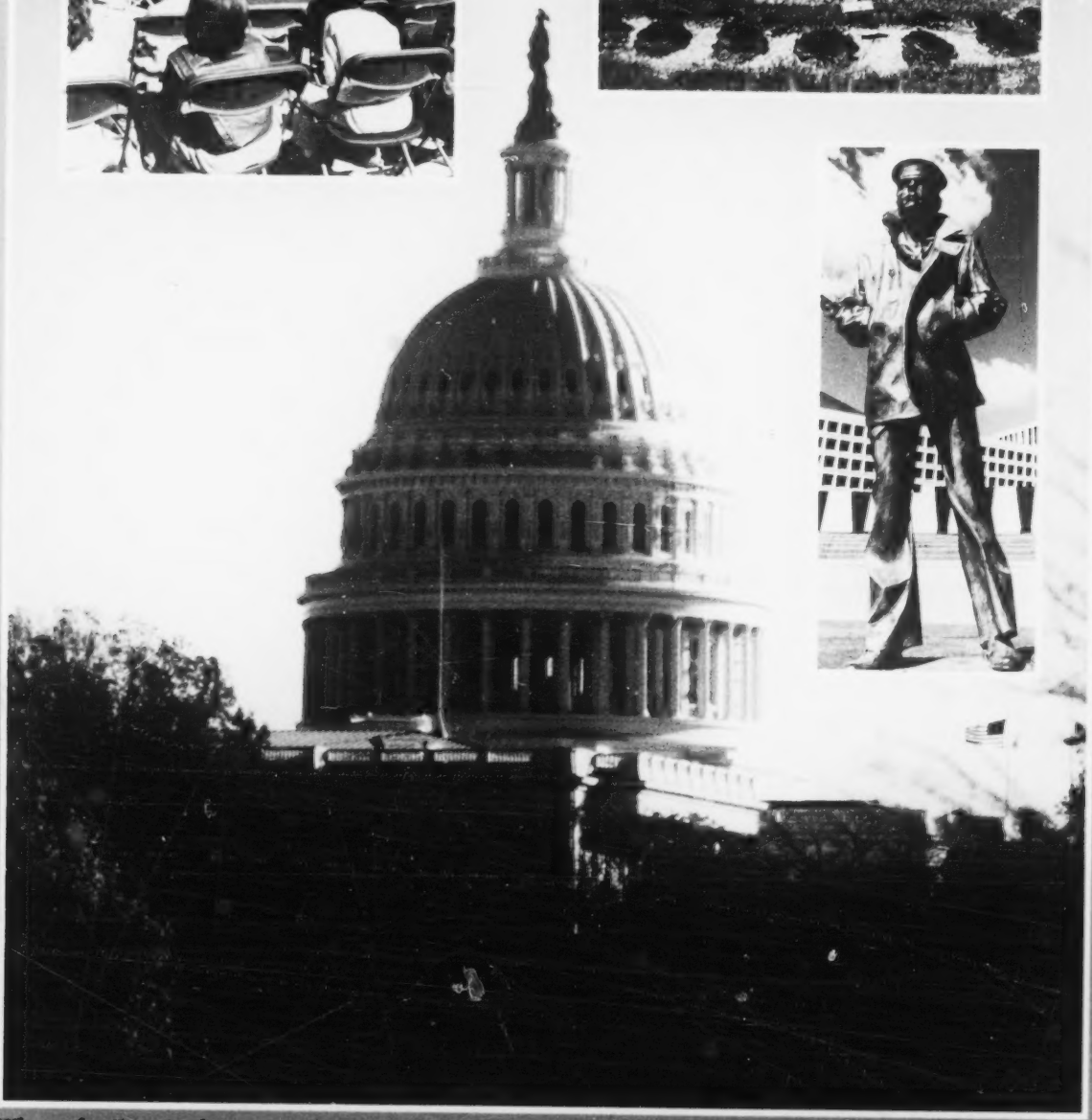
The District participates in a number of Federally assisted grant programs as described in Note 10. These grants are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs for the year ended September 30, 1988 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. An accrual of $25.5 million in the General Fund has been provided which reasonably estimates the probable amount of expenditures that may be disallowed by the granting agencies.

C. RISK MANAGEMENT POLICY

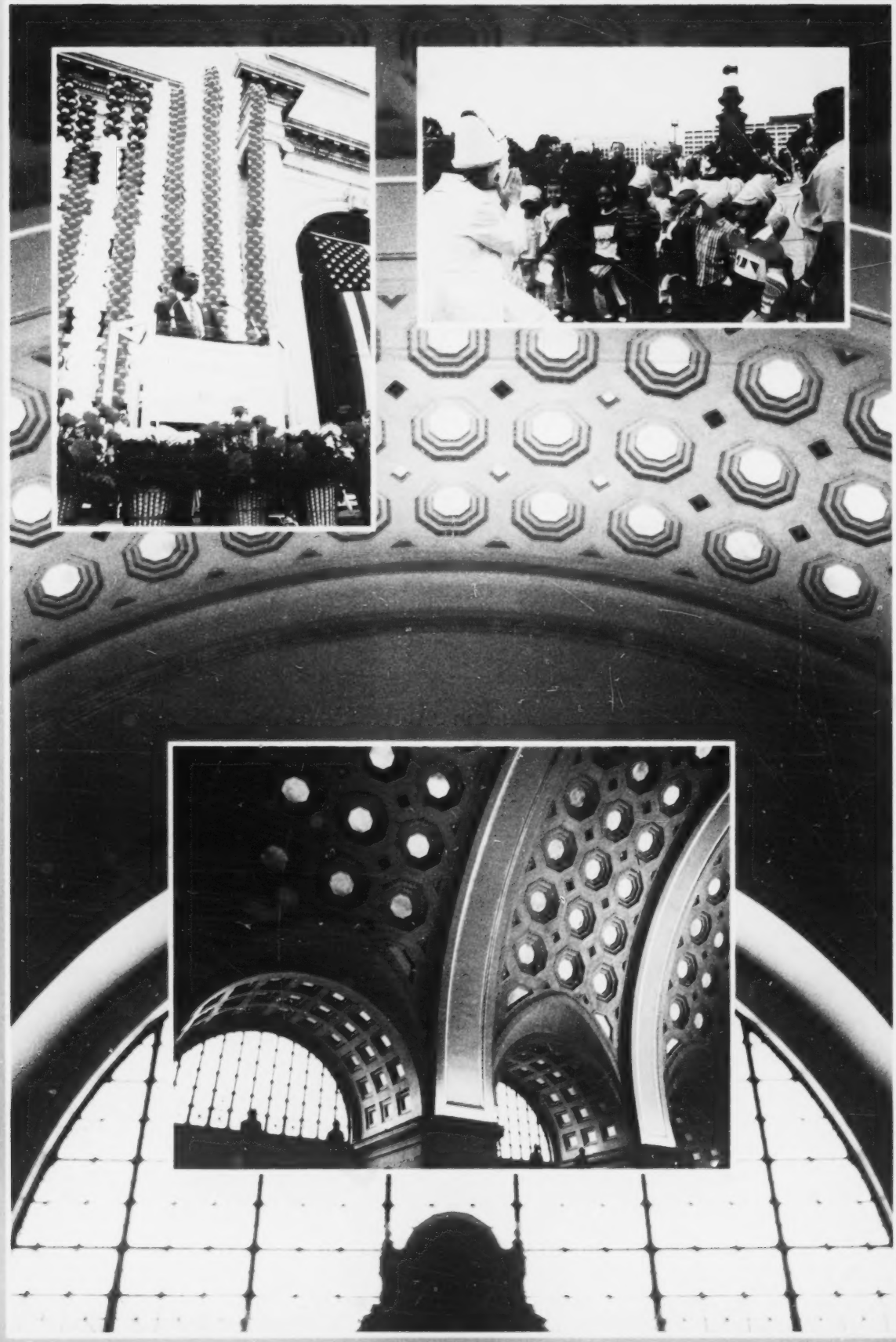
The District retains the risk of loss arising out of the ownership of property or from some other cause, except health care and life insurance benefits for employees. Assets are not set aside to finance losses, which are recognized when they occur. No material casualty losses of real or personal property occurred in 1988 or 1987.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES





Where the District has more than one fund of a given type, combining statements for all funds of that type are presented in columnar format. Where the District has only one fund of a given type, individual fund statements are presented with prior year comparisons. Where greater detail for information reported in the statements is deemed useful, schedules are presented.



GENERAL FUND

The General Fund is used to account for all resources which are not required to be accounted for in another fund. All fixed assets of the District except those related to specific proprietary funds are accounted for through the General Fixed Assets Account Group. All long term liabilities of the District except those related to specific proprietary and fiduciary funds are accounted for through the General Long Term Liabilities Account Group.

Exhibit A-1

GENERAL FUND

COMPARATIVE BALANCE SHEETS

September 30, 1988 and 1987
($000s)

	1988	1987
ASSETS		
Current Assets:		
Cash and investments	$ 91,552	161,865
Receivables (net of allowances for uncollectibles):		
Taxes	164,315	154,214
Accounts	43,309	23,669
Due from Federal government (note 2)	122,538	102,444
Due from other funds (note 3)	—	325
Inventories	24,571	20,869
Other current assets	1,250	1,992
Total current assets	447,535	465,378
Long Term Assets:		
Mortgages receivable	22,784	—
Advance to other funds (note 3)	6,952	5,908
Total long term assets	29,736	5,908
Total assets	$477,271	471,286
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts payable	$130,056	154,715
Compensation liabilities:		
Salaries and wages	98,946	87,940
Employee benefits	5,471	1,450
Payroll taxes	4,568	2,661
Overtime leave	1,923	1,503
Annual leave	27,524	20,171
Other deductions	689	245
Due to Federal government (note 2)	40,891	42,525
Due to other funds (note 3)	18,403	16,171
Accrued liabilities:		
Claims and judgments	20,500	11,000
Grant disallowances	25,500	25,500
Interest	37,274	35,861
Tax overcollections	5,636	27,151
Other accruals	36,826	20,100
Deferred revenue:		
Property taxes	199,291	175,836
Federal grants	5,983	6,662
Other deferrals	23,012	23,118
Other current liabilities	13,650	23,270
Total liabilities	696,143	675,879
Commitments and Contingent Liabilities (Notes 11 and 12)		
Fund Balances:		
Reserved for long term assets	29,736	5,908
Unreserved (deficit)	(248,608)	(210,501)
Total fund balances	(218,872)	(204,593)
Total liabilities and fund balances	$477,271	471,286

The accompanying notes are an integral part of this statement.

Exhibit A-2

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Years Ended September 30, 1988 and 1987
($000s)

	1988	1987
Revenues:		
Taxes:		
Property	$ 609,425	541,211
Sales and use	468,942	459,418
Income and franchise	744,326	682,788
Gross receipts	103,285	99,786
Other	95,934	90,464
Licenses and permits	31,601	31,907
Fines and forfeits	41,594	38,569
Charges for services	207,443	134,531
Miscellaneous	47,164	24,076
Intergovernmental (note 10):		
Payment in lieu of taxes	459,500	479,500
Operating grants	555,197	473,157
Total revenues	3,364,411	3,055,407
Expenditures:		
Current:		
Governmental direction and support	148,194	136,320
Economic development and regulation	251,594	239,248
Public safety and justice	886,537	813,947
Public education system	627,393	554,411
Human support services	1,258,995	954,434
Public works	265,980	250,667
Employee benefits addition (deduction)	(353,854)	(210,156)
Debt service:		
Principal	66,630	53,416
Interest	148,783	145,495
Fiscal charges	1,916	2,913
Total expenditures	3,302,168	2,940,695
EXCESS OF REVENUES OVER EXPENDITURES	62,243	114,712
Other Financing Sources (Uses):		
Proceeds (payment) of:		
Refunding bonds	100,159	248,297
Refunded debt	(83,703)	(239,398)
Refunding charges	(16,456)	(8,840)
Operating transfers in (out):		
Capital Projects Fund	(481)	(17,897)
General Hospital Fund	(41,930)	(42,423)
Convention Center Fund	(6,758)	(6,261)
Lottery and Games Fund	42,500	40,100
University Fund	(71,567)	(70,215)
Housing Finance Fund	(1,825)	(1,350)
Pension Funds	3,639	3,563
Total other financing sources (uses)	(76,522)	(94,424)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	**(14,279)**	**20,288**
Fund Balances (Deficit) at Beginning of Year	**(204,593)**	**(224,881)**
Fund Balances (Deficit) at End of Year	**$ (218,872)**	**(204,593)**

The accompanying notes are an integral part of this statement.

Exhibit A-3

GENERAL FUND

SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended September 30, 1988
($000s)

Source	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)
Taxes:			
Property:			
Real	$ 542,700	544,247	1,547
Personal	58,400	58,411	11
Public space rental	5,800	6,767	967
Total	606,900	609,425	2,525
Sales and use:			
General	404,200	390,646	(13,554)
Alcoholic beverages	6,540	5,731	(809)
Cigarette	11,350	11,210	(140)
Hotel occupancy	6,240	5,222	(1,018)
Motor fuel	25,200	27,534	2,334
Motor vehicle	29,300	28,599	(701)
Total	482,830	468,942	(13,888)
Income and franchise:			
Individual income	577,251	592,828	15,577
Corporation franchise	148,590	123,096	(25,494)
Unincorporated business	33,720	28,402	(5,318)
Total	759,561	744,326	(15,235)
Gross receipts:			
Public utility	91,900	73,073	(18,827)
Insurance companies	24,500	30,212	5,712
Total	116,400	103,285	(13,115)
Other:			
Inheritance and estate	29,800	33,559	3,759
Recordation	33,200	34,250	1,050
Transfer	27,200	28,125	925
Total	90,200	95,934	5,734
Total taxes	2,055,891	2,021,912	(33,979)
Licenses and permits:			
Business licenses	16,705	14,264	(2,441)
Nonbusiness permits	17,325	17,337	12
Total	34,030	31,601	(2,429)
Fines and forfeits	44,177	41,594	(2,583)
Charges for services:			
Court fees	4,035	4,488	453
Parking meters	9,800	10,508	708
Other	35,719	33,010	(2,709)
Total	49,554	48,006	(1,548)
Miscellaneous:			
Interest	12,376	16,133	3,757
Abandonments	3,100	12,843	9,743
Other	4,378	6,702	2,324
Total	19,854	35,678	15,824
Intergovernmental:			
Payment in lieu of taxes	459,500	459,500	—
Total revenues	**$2,663,006**	**2,638,291**	**(24,715)**

The accompanying notes are an integral part of this schedule.

Exhibit A-4

GENERAL FUND

SCHEDULE OF EXPENDITURES AND USES BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended September 30, 1988
($000s)

Function and Subfunction	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)
Governmental direction and support:			
Legislative	$ 9,375	9,118	257
Executive	10,331	10,183	148
Finance	43,671	43,431	240
Personnel	20,469	21,132	(663)
Administrative	33,989	32,280	1,709
Elections	3,981	4,108	(127)
Total	121,816	120,252	1,564
Economic development and regulation:			
Planning and development	11,061	8,756	2,305
Housing and redevelopment	36,448	28,463	7,985
Economic regulation	39,096	39,528	(432)
Employment services	36,925	37,122	(197)
Total	123,530	113,869	9,661
Public safety and justice:			
Police	197,185	197,687	(502)
Fire	199,674	198,732	942
Correction	196,804	198,539	(1,735)
Protection	3,259	3,297	(38)
Law	32,366	35,670	(3,304)
Judicial	76,568	76,146	422
Total	705,856	710,071	(4,215)
Public education system:			
Education	492,026	497,197	(5,171)
Culture	19,982	19,624	358
Total	512,008	516,821	(4,813)
Human support services:			
Health and welfare	613,257	621,431	(8,174)
Human relations	15,048	15,038	10
Employment benefits	20,185	21,929	(1,744)
Recreation	31,439	31,187	252
Total	679,929	689,585	(9,656)
Public works	214,044	213,016	1,028
Unallocated addition (rescission)	(21,229)	—	(21,229)
Debt service:			
Principal	70,669	70,770	(101)
Interest	149,231	148,924	307
Fiscal charges	—	157	(157)
Total	219,900	219,851	49
Financing uses:			
Operating transfers out (in)	87,034	83,043	3,991
Total expenditures and uses	**$2,642,888**	**2,666,508**	**(23,620)**

The accompanying notes are an integral part of this schedule.

Exhibit A-5

GENERAL FUND

SCHEDULE OF EXPENDITURES AND USES
FUNCTION AND OBJECT (GAAP BASIS)

Year Ended September 30, 1988
With Comparative Totals for Year Ended September 30, 1987
($000s)

Function and Subfunction	Personal Services	Contractual Services	Supplies	Occupancy	Miscellaneous	Totals 1988	Totals 1987
Governmental direction and support:							
[illegible]	$ 6,629	554	123	183	1,559	9,048	8,139
[illegible]	8,723	1,780	157	263	971	11,894	10,601
[illegible]	31,551	4,462	715	1,205	12,758	50,691	45,802
[illegible]	17,527	4,666	167	276	2,786	25,424	22,233
[illegible]	20,035	14,546	1,276	11,364	479	47,700	46,361
[illegible]	2,576	406	83	151	221	3,437	3,184
Total	87,041	26,414	2,571	13,444	18,774	148,194	136,320
Economic development and regulation:							
[illegible]	7,176	4,502	120	275	12,859	24,932	19,355
[illegible]	35,456	11,700	1,961	18,586	46,222	113,927	114,774
[illegible]	33,031	6,348	429	1,559	880	42,247	39,205
[illegible]	29,533	2,396	476	2,759	35,322	70,486	65,914
Total	105,196	24,946	2,986	23,179	95,283	251,594	239,248
Public safety and justice:							
[illegible]	366,044	5,620	3,443	2,637	4,539	404,333	382,434
[illegible]	146,665	1,545	1,677	1,423	895	152,205	143,297
[illegible]	114,464	8,716	20,763	7,448	43,946	200,357	166,092
[illegible]	3,201	367	66	207	35	3,878	3,270
[illegible]	15,533	15,522	347	785	15,733	47,920	29,876
[illegible]	48,853	24,315	539	796	2,741	77,844	68,978
Total	721,630	56,685	26,837	13,296	67,889	886,537	813,947
Public education system:							
[illegible]	526,661	14,434	19,866	16,578	25,268	607,007	535,022
[illegible]	13,160	1,087	217	1,394	4,528	20,386	19,389
Total	542,021	15,521	20,083	19,972	29,796	627,393	554,411
Human support services:							
[illegible]	302,194	114,786	8,602	32,556	597,035	1,055,175	862,236
[illegible]	3,215	14,633	91	254	577	18,770	17,015
[illegible]	150,272	—	—	—	—	150,272	41,731
[illegible]	27,920	2,210	1,879	1,803	966	34,778	33,452
Total	483,601	131,629	10,572	34,615	598,578	1,258,995	954,434
Public works	93,592	39,063	12,909	10,235	110,181	265,980	250,667
Employee benefits addition (deduction):							
[illegible]	(100)	—	—	—	—	(100)	(130)
[illegible]	(86)	—	—	—	—	(86)	(414)
[illegible]	(164,931)	—	—	—	—	(164,931)	(145,145)
[illegible]	(56,507)	—	—	—	—	(56,507)	(42,499)
[illegible]	(132,297)	—	—	—	—	(132,297)	(21,776)
[illegible]	67	—	—	—	—	67	(192)
Total	(353,854)	—	—	—	—	(353,854)	(210,156)
Debt service	—	—	—	—	217,329	217,329	201,824
Financing uses	—	—	—	—	76,522	76,522	94,424
Total expenditures and uses	$1,679,429	294,260	75,908	114,741	1,214,352	3,378,690	3,035,119

The accompanying notes are an integral part of this schedule.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the purchase of fixed assets which are wholly or partly financed by capital grants or general long term debt and for the construction of fixed assets. The Capital Projects Fund is not used to account for the purchase of fixed assets which are financed wholly by the General Fund or by proprietary funds.

Fixed assets are capitalized in the General Fixed Assets Account Group or in the proprietary fund to which they apply. Expenditures for items which are below the minimum cost or life of a fixed asset unit are not capitalized.

Exhibit B-1

CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEETS

September 30, 1988 and 1987
($000s)

	1988	1987
ASSETS		
Current Assets:		
Cash	$ 90,479	144,766
Due from Federal government (note 2)	36,607	29,886
Total assets	$127,086	174,652
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts payable	$ 33,313	28,229
Deferred revenue	39,295	5,310
Total liabilities	72,608	33,539
Commitments and Contingent Liabilities (Notes 11 and 12)		
Fund Balances:		
Reserved for encumbrances	54,478	141,113
Total liabilities and fund balances	$127,086	174,652

The accompanying notes are an integral part of this statement.

Exhibit B-2

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Years Ended September 30, 1988 and 1987
($000s)

	1988	1987
Revenues:		
Intergovernmental (note 10):		
Capital grants	$102,687	83,211
Expenditures:		
Capital outlays:		
General fixed assets	276,875	282,217
Proprietary fixed assets	4,857	2,519
Total expenditures	281,732	284,736
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(179,045)	(201,525)
Other Financing Sources:		
Proceeds of improving bonds	91,929	170,885
Operating transfers in:		
General Fund	481	17,897
Total other financing sources	92,410	188,782
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	**(86,635)**	**(12,743)**
Fund Balances at Beginning of Year	**141,113**	**153,856**
Fund Balances at End of Year	**$ 54,478**	**141,113**

The accompanying notes are an integral part of this statement.

Exhibit B-3

CAPITAL PROJECTS FUND

SCHEDULE OF CONSTRUCTION IN PROGRESS

September 30, 1988
($000s)

Function and Subfunction	Number of Projects	Authorizations	Expenditures			Unexpended Balances
			Prior Years	Current Year	Total	
GENERAL						
Governmental direction and support:						
Executive	1	$ 3,360	49	737	786	2,574
Administrative	5	5,031	1,443	1,367	2,810	2,221
Total	6	8,391	1,492	2,104	3,596	4,795
Economic development and regulation:						
Planning and development	4	21,541	1,336	1,499	2,835	18,706
Public safety and justice:						
Police	4	14,267	5,060	7,360	12,420	1,847
Fire	1	3,084	531	185	716	2,368
Correction	20	110,760	18,268	17,720	35,988	74,772
Protection	1	1,200	0	11	11	1,189
Judicial	8	16,465	1,603	3,869	5,472	10,993
Total	34	145,776	25,462	29,145	54,607	91,169
Public education system:						
Education	16	74,640	13,186	9,044	22,230	52,410
Culture	3	5,252	480	573	1,053	4,199
Total	19	79,892	13,666	9,617	23,283	56,609
Human support services:						
Health and welfare	32	83,215	19,433	8,444	27,877	55,338
Human relations	1	17,290	738	337	1,075	16,215
Recreation	27	25,712	2,447	2,032	4,479	21,233
Total	60	126,217	22,618	10,813	33,431	92,786
Public works:						
Environment	4	16,937	2,320	624	2,944	13,993
Government buildings	23	33,579	4,900	8,592	13,492	20,087
Total	27	50,516	7,220	9,216	16,436	34,080
Total general	**150**	**$432,333**	**71,794**	**62,394**	**134,188**	**298,145**
PROPRIETARY						
Water and sewer:						
Water	5	$128,517	1,348	5,234	6,582	121,935
Sewer	4	76,291	24,379	11,112	35,491	40,800
Total	9	204,808	25,727	16,346	42,073	162,735
General hospital	3	33,650	1,366	2,578	3,944	29,706
University	4	89,114	921	814	1,735	87,379
Total proprietary	**16**	**$327,572**	**28,014**	**19,738**	**47,752**	**279,820**

The accompanying notes are an integral part of this schedule.

ENTERPRISE FUNDS

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the costs (including depreciation) of providing goods or services primarily or solely to the public on a continuing basis are or could be financed or recovered primarily through user charges.

The **Water and Sewer Fund** is used to account for the provision of water and sewer services to residents of the District, suburban Maryland and northern Virginia. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, debt service, billing and collecting. Depreciation on fixed assets acquired through capital grants is closed to Contributed Capital.

The **General Hospital Fund** is used to account for the costs of providing medical and surgical treatment to sick and injured residents by the District of Columbia General Hospital. The hospital is governed by eleven commissioners appointed by the Mayor with the consent of the Council.

The **Starplex Fund** is used to account for maintaining and operating the armory to provide facilities for the quartering and training of the National Guard of the District of Columbia and for major athletic events, conventions, concerts and other activities; and for maintaining and operating the Robert F. Kennedy Memorial Stadium for athletic and other events. The armory and stadium are governed by a three member Armory Board, two of whose members are appointed by the Mayor with the consent of the Council. The third member is the commanding general of the National Guard.

The **Convention Center Fund** is used to account for maintaining and operating the Washington Convention Center for local public shows and exhibitions, civic and community events and gatherings, athletic and cultural events, entertainment and other activities. The convention center is governed by five directors appointed by the Mayor with the consent of the Council.

The **Lottery and Games Fund** is used to account for revenues from lotteries and daily numbers games operated by the District of Columbia and from licenses to conduct bingo games and raffles, and related prizes, expenses and capital outlays. Gambling activities are administered by a Lottery and Charitable Games Control Board consisting of five members appointed by the Mayor with the consent of the Council. All moneys made available to the Lottery and Games Fund by the General Fund must be derived from non-Federal revenues.

The **University Fund** is used to account for the resources received and used by the University of the District of Columbia which is a land-grant institution offering higher education to the public. The university is governed by a Board of Trustees. Eleven members of the board are appointed by the Mayor with the consent of the Council, one member is a full-time student, and three members are appointed by the alumni associations. Depreciation on fixed assets is closed to Contributed Capital.

Exhibit C-1

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

September 30, 1988
With Comparative Totals for September 30, 1987
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1988	Totals 1987
ASSETS								
Current Assets:								
Cash and investments	$ 69,395	29,648	5,966	218	3,811	32,435	141,473	122,644
Receivables (net of allowances for uncollectibles)	66,211	8,746	91	208	1,004	1,623	77,883	72,362
Due from Federal government (note 2)	5,738	—	—	—	—	1,135	6,873	8,212
Inventories	12,959	1,295	—	—	132	—	14,386	14,150
Other current assets	—	—	372	5	105	3,229	3,711	3,692
Total current assets	154,303	39,689	6,429	431	5,052	38,422	244,326	221,060
Long Term Assets:								
Due from other governments	12,659	—	—	—	—	—	12,659	17,581
Deferred charges	4,176	—	—	—	—	—	4,176	3,992
Total long term assets	16,835	—	—	—	—	—	16,835	21,573
Fixed Assets (Note 5):								
Property and equipment	827,144	86,257	26,474	120,949	3,065	130,747	1,194,636	1,122,331
Less: accumulated depreciation	199,266	39,149	15,057	14,804	976	45,931	315,183	288,370
Net fixed assets	627,878	47,108	11,417	106,145	2,089	84,816	879,453	833,961
Total assets	**$799,016**	**86,797**	**17,846**	**106,576**	**7,141**	**123,238**	**1,140,614**	**1,076,594**
LIABILITIES AND FUND EQUITY								
Current Liabilities:								
Accounts payable	$ 18,050	10,304	269	682	1,763	5,218	36,286	40,413
Compensation liabilities	6,221	9,284	293	381	365	5,890	22,434	21,809
Due to Federal government (note 2)	10,821	—	—	—	—	—	10,821	11,000
Due to other funds (note 3)	—	—	—	—	—	—	—	325
Accrued liabilities	8,414	—	—	33	2,596	508	11,551	6,148
Deferred revenue	4,377	6,728	—	349	142	3,642	15,238	12,969
Current maturities (note 6)	12,491	—	—	—	—	—	12,491	11,620
Other current liabilities	483	325	230	1,378	475	3,283	6,174	9,004
Total current liabilities	60,857	26,641	792	2,823	5,341	18,541	114,995	113,288
Long Term Liabilities (Note 6):								
Due to Federal government	62,136	—	—	—	—	—	62,136	65,549
General obligation bonds payable	228,175	—	—	—	—	—	228,175	218,188
Other long term liabilities	27,027	—	—	—	—	—	27,027	27,510
Total long term liabilities	317,338	—	—	—	—	—	317,338	311,247
Total liabilities	**378,195**	**26,641**	**792**	**2,823**	**5,341**	**18,541**	**432,333**	**424,535**
Fund Equity:								
Contributed capital (note 5)	331,677	68,060	15,715	92,118	—	84,072	591,642	573,586
Retained earnings (deficit) (note 7)	89,144	(7,904)	1,339	11,635	1,800	20,625	116,639	78,473
Total fund equity	**420,821**	**60,156**	**17,054**	**103,753**	**1,800**	**104,697**	**708,281**	**652,059**
Total liabilities and fund equity	**$799,016**	**86,797**	**17,846**	**106,576**	**7,141**	**123,238**	**1,140,614**	**1,076,594**

The accompanying notes are an integral part of this statement.

Exhibit C-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Year Ended September 30, 1988
With Comparative Totals for Year Ended September 30, 1987
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1988	Totals 1987
Operating Revenues:								
Charges for services	$197,174	68,452	6,515	4,663	55,494	6,441	338,739	333,507
Operating Expenses:								
Personal services	44,081	76,794	2,430	5,123	3,407	62,091	193,926	182,952
Contractual services	38,057	11,929	757	4,824	9,141	6,018	70,726	67,864
Supplies	11,742	12,912	84	360	47	1,160	26,305	26,085
Occupancy	11,786	4,052	1,328	1,262	931	7,676	27,035	26,033
Depreciation	14,333	4,303	940	3,096	397	4,748	27,817	25,497
Miscellaneous	18,181	1,451	28	534	191	10,410	30,795	24,503
Total operating expenses	138,180	111,441	5,567	15,199	14,114	92,103	376,604	352,934
OPERATING INCOME (LOSS)	58,994	(42,989)	948	(10,536)	41,380	(85,662)	(37,865)	(19,427)
Nonoperating Revenues (Expenses):								
Intergovernmental (note 10)	—	—	—	—	—	4,955	4,955	5,036
Interest	(19,877)	—	—	49	1,506	1,560	(16,762)	(18,535)
Fiscal charges	(90)	—	—	—	—	—	(90)	(842)
Refunding charges	(2,969)	—	—	—	—	—	(2,969)	—
Miscellaneous	—	—	—	—	9	5,581	5,590	4,430
Total nonoperating revenues (expenses)	(22,936)	—	—	49	1,515	12,096	(9,276)	(9,911)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	36,058	(42,989)	948	(10,487)	42,895	(73,566)	(47,141)	(29,338)
Operating transfers in (out)								
General Fund	—	41,930	—	6,758	(42,500)	71,667	77,855	78,799
NET INCOME (LOSS)	**36,058**	**(1,059)**	**948**	**(3,729)**	**395**	**(1,899)**	**30,714**	**49,461**
Depreciation closed to Contributed Capital	2,704	—	—	—	—	4,748	7,452	6,973
INCREASE (DECREASE) IN RETAINED EARNINGS	**38,762**	**(1,059)**	**948**	**(3,729)**	**395**	**2,849**	**38,166**	**56,434**
Retained Earnings (Deficit) at Beginning of Year	50,382	(6,845)	391	15,364	1,405	17,776	78,473	22,039
Retained Earnings (Deficit) at End of Year	$ 89,144	(7,904)	1,339	11,635	1,800	20,625	116,639	78,473

The accompanying notes are an integral part of this statement.

Exhibit C-3

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended September 30, 1988
With Comparative Totals for Year Ended September 30, 1987
($000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	University	Totals 1988	Totals 1987
Sources of Cash:								
Operations:								
Income (loss) before operating transfers	$ 36,058	(42,989)	948	(10,487)	42,895	(73,566)	(47,141)	(29,338)
Item not requiring cash -								
Depreciation	14,333	4,303	940	3,096	397	4,748	27,817	25,497
Working capital provided (required)	50,391	(38,686)	1,888	(7,391)	43,292	(68,818)	(19,324)	(3,841)
Increase (decrease) in current liabilities:								
Accounts payable	2,940	(5,842)	(327)	(1,668)	1,185	(415)	(4,127)	5,323
Compensation liabilities	1,342	897	47	116	66	(1,843)	625	1,584
Due to Federal government	(179)	—	—	—	—	—	(179)	(2,206)
Due to other funds	—	—	—	(325)	—	—	(325)	(10,675)
Accrued liabilities	2,266	—	—	33	2,596	508	5,403	574
Deferred revenue	(262)	2,036	—	131	1	363	2,269	2,221
Current maturities	871	—	—	—	—	—	871	1,705
Other current liabilities	1	325	(1)	(300)	(2,627)	(228)	(2,830)	186
Decrease (increase) in current assets:								
Receivables	(1,882)	(2,948)	30	79	(541)	(259)	(5,521)	(9,309)
Due from Federal government	1,646	63	—	—	—	(370)	1,339	3,159
Inventories	(243)	75	—	—	(68)	—	(236)	(2,753)
Other current assets	—	—	(57)	242	(88)	(116)	(19)	1,699
Cash provided (required)	56,891	(44,080)	1,580	(9,083)	43,816	(71,178)	(22,054)	(12,333)
Other sources of cash:								
Deduction of long term assets	4,922	—	—	—	—	—	4,922	1,818
Disposition of fixed assets	22	382	2	122	—	3	531	941
Proceeds of long term liabilities	32,357	—	—	—	—	—	32,357	46,093
Contribution of capital	16,636	2,618	—	69	—	5,985	25,508	18,800
Operating transfers in	—	41,930	—	6,758	—	71,667	120,355	118,899
Total sources of cash	110,828	1,050	1,582	(2,134)	43,816	6,477	161,619	174,218
Uses of Cash:								
Addition of long term assets	184	—	—	—	—	—	184	1,179
Acquisition of fixed assets	59,275	6,478	1,105	264	780	5,938	73,840	48,641
Payment of long term liabilities	26,266	—	—	—	—	—	26,266	30,665
Operating transfers out	—	—	—	—	42,500	—	42,500	40,100
Total uses of cash	85,725	6,478	1,105	264	43,280	5,938	142,790	120,585
INCREASE (DECREASE) IN CASH AND INVESTMENTS	**25,103**	**(5,428)**	**477**	**(2,398)**	**536**	**539**	**18,829**	**53,633**
Cash and investments at Beginning of Year	**44,292**	**35,076**	**5,489**	**2,616**	**3,275**	**31,896**	**122,644**	**69,011**
Cash and Investments at End of Year	**$ 69,395**	**29,648**	**5,966**	**218**	**3,811**	**32,435**	**141,473**	**122,644**

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the District in a trustee capacity. Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments or other funds.

The **Unemployment Compensation Trust Fund** is used to account for the accumulation of resources to be used for benefit payments to unemployed former employees of the District and Federal governments and private employers in the District. Resources are contributed by private employers at rates fixed by law and by the District and Federal governments on a reimbursable basis. The fund is administered by an Unemployment Compensation Board composed of the Mayor and four members appointed by the Mayor. The administrative costs of the board are accounted for in the General Fund.

The **Housing Finance Trust Fund** is used to account for cash received from public and private sources to be used for increasing the supply and lowering the cost of money available for residential mortgages and construction loans in order to help alleviate the shortage of adequate housing. Mortgage lenders and the fund make mortgage, construction and rehabilitation loans for single and multifamily rental and home ownership units designed to expand available housing opportunities, achieve neighborhood and fiscal stability, and effect residential economic diversity. The fund is administered by a Housing Finance Agency Board of Directors comprised of five members appointed by the Mayor with the consent of the Council. The administrative costs of the agency are accounted for in the fund.

The **Pension Trust Funds** are used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future for judges, police officers, fire fighters and public school teachers of the District. Resources are contributed by employees and by the District and Federal governments at amounts determined by an annual actuarial study and the Retirement Reform Act. The funds are administered by an eleven member Retirement Board, three of whom are appointed by the Mayor, two by the Council and one each by active and retired police officers, fire fighters and teachers. The administrative costs of the board are accounted for in the General Fund.

Agency Funds are used to account for compensation deferred by employees, refundable deposits required of various licensees, monies held in escrow and other assets held in custody by the District as an agent for individuals, private organizations, other governments or other funds.

Exhibit D-1

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

September 30, 1988
With Comparative Totals for September 30, 1987
($000s)

	Trust			Agency	Totals	
	Expendable		Pension			
	Unemployment Compensation	Housing Finance			1988	1987
ASSETS						
Restricted Assets:						
Cash and investments	$ 83,268	116,517	1,161,436	93,387	1,454,608	1,265,498
Due from Federal government (note 2)	263	—	526,319	—	526,582	544,197
Due from other funds (note 3)	1,247	—	17,156	—	18,403	16,171
Due from others (net of allowances for uncollectibles)	10,195	220,183	2,179	11,148	243,705	234,737
Total assets	$ 94,973	336,700	1,707,090	104,535	2,243,298	2,060,603
LIABILITIES AND FUND BALANCES						
Liabilities Payable From Restricted Assets:						
Advance from other funds (note 3)	$ —	6,952	—	—	6,952	5,908
Due to others	3,755	324,161	35,042	104,535	467,493	338,171
Total liabilities	3,755	331,113	35,042	104,535	474,445	344,079
Commitments and Contingent Liabilities (Notes 11 and 12)						
Fund Balances:						
Reserved for net restricted assets	91,218	5,587	1,672,048	—	1,768,853	1,716,524
Total liabilities and fund balances	$ 94,973	336,700	1,707,090	104,535	2,243,298	2,060,603

The accompanying notes are an integral part of this statement.

Exhibit D-2

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 1988
With Comparative Totals for Year Ended September 30, 1987
($000s)

	Unemployment Compensation	Housing Finance	Totals 1988	Totals 1987
Revenues:				
Benefit contributions	$ 76,396	—	76,396	91,086
Miscellaneous	—	34,824	34,824	32,304
Total revenues	76,396	34,824	111,220	123,390
Expenditures:				
Current				
Benefit payments	76,323	—	76,323	79,709
Miscellaneous	—	34,616	34,616	34,105
Total expenditures	76,323	34,616	110,939	113,814
EXCESS OF REVENUES OVER EXPENDITURES	73	208	281	9,576
Other Financing Sources:				
Operating transfers in:				
General Fund	—	1,825	1,825	1,350
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	73	2,033	2,106	10,926
Fund Balances at Beginning of Year	91,145	3,554	94,699	83,773
Fund Balances at End of Year	$ 91,218	5,587	96,805	94,699

The accompanying notes are an integral part of this statement.

Exhibit D-3

PENSION TRUST FUNDS

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

Years Ended September 30, 1988 and 1987
($000s)

	1988	1987
Operating Revenues:		
Benefit contributions	$ 211,034	201,926
Miscellaneous	35,821	190,364
Total operating revenues	246,855	392,290
Operating Expenses:		
Benefit payments	192,993	183,972
INCOME BEFORE OPERATING TRANSFERS	53,862	208,318
Operating transfers in (out):		
General Fund	(3,639)	(3,563)
NET INCOME	50,223	204,755
Fund Balances at Beginning of Year	1,621,825	1,417,070
Fund Balances at End of Year	$1,672,048	1,621,825

The accompanying notes are an integral part of this statement.

Exhibit D-4

PENSION TRUST FUNDS

COMPARATIVE STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended September 30, 1988 and 1987
($000s)

	1988	1987
Sources of Cash:		
Operations:		
Income before operating transfers	$ 53,862	208,318
Increase (decrease) in restricted liabilities:		
Due to others	17,522	(14,161)
Decrease (increase) in restricted assets:		
Due from Federal government	17,638	16,484
Due from other funds	(1,882)	(1,026)
Due from others	17,422	(14,396)
Total sources of cash	104,562	195,219
Uses of Cash:		
Operating transfers out	3,639	3,563
INCREASE IN CASH AND INVESTMENTS	100,923	191,656
Cash and Investments at Beginning of Year	1,060,513	868,857
Cash and Investments at End of Year	$1,161,436	1,060,513

The accompanying notes are an integral part of this statement.

Exhibit D-5

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended September 30, 1988
($000s)

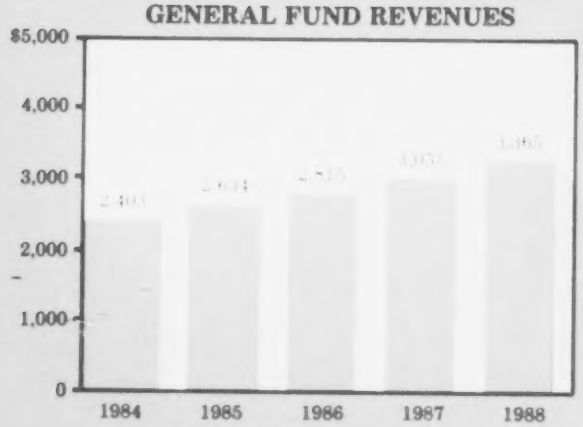
	Balance October 1, 1987	Additions	Deductions	Balance September 30, 1988
Deferred Compensation Fund				
ASSETS				
Restricted Assets:				
Cash and investments	$17,588	20,970	4,584	33,974
Total assets	$17,588	20,970	4,584	33,974
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Due to others	$17,588	16,386	—	33,974
Total liabilities	$17,588	16,386	—	33,974
Other Agency Funds				
ASSETS				
Restricted Assets:				
Cash and investments	$47,702	56,222	44,511	59,413
Due from others	13,367	80,066	82,285	11,148
Total assets	$61,069	136,288	126,796	70,561
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Due to others	$61,069	38,085	28,593	70,561
Total liabilities	$61,069	38,085	28,593	70,561
Totals				
ASSETS				
Restricted Assets:				
Cash and investments	$65,290	77,192	49,095	93,387
Due from others	13,367	80,066	82,285	11,148
Total assets	$78,657	157,258	131,380	104,535
LIABILITIES				
Liabilities Payable From Restricted Assets:				
Due to others	$78,657	54,471	28,593	104,535
Total liabilities	$78,657	54,471	28,593	104,535

The accompanying notes are an integral part of this statement.

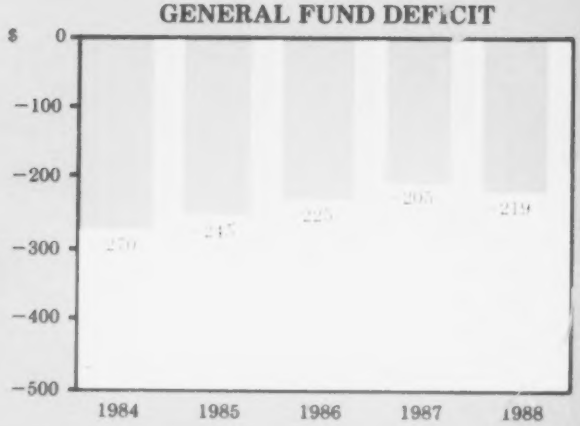
STATISTICAL SECTION

(In millions of dollars)

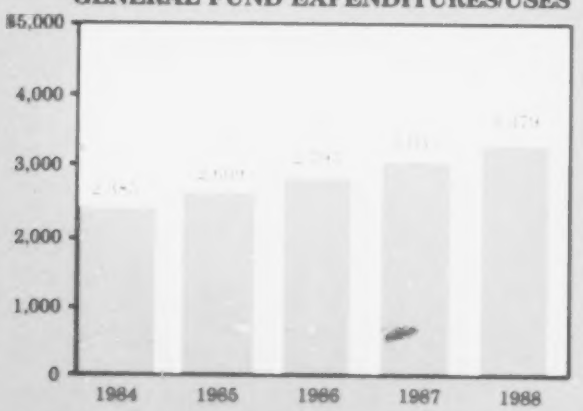
GENERAL FUND REVENUES



GENERAL FUND DEFICIT

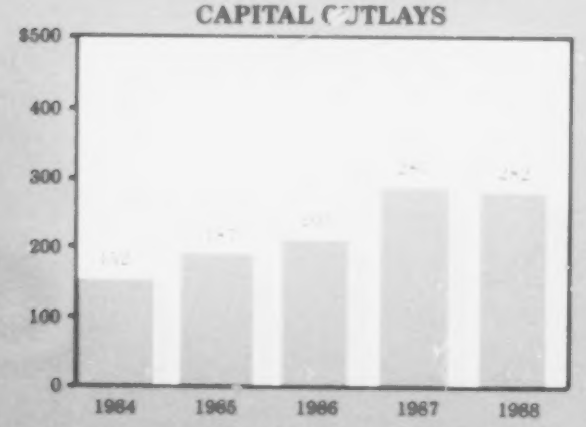


GENERAL FUND EXPENDITURES/USES



GENERAL LONG TERM LIABILITIES

CAPITAL OUTLAYS



GENERAL FIXED ASSETS

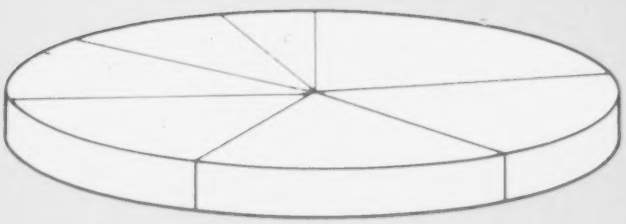
This section contains tables which differ from financial statements because they usually cover more than two fiscal years and may present nonaccounting data. Statistical tables reflect social and economic data, financial trends and the fiscal capacity of the District.

OPERATING RATIOS

GENERAL FUND FOR 1988

REVENUE DOLLAR BY SOURCE

Where the money came from

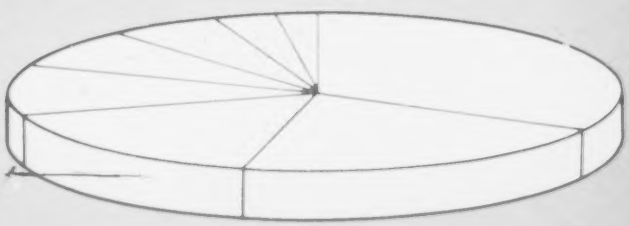


a. Income and franchise taxes	$ .22
b. Property taxes	.18
c. Operating grants	.16
d. Payment in lieu of taxes	.14
e. Sales and use taxes	.14
f. Other	.10
g. Other taxes	.06
	$1.00

EXPENDITURE DOLLAR BY FUNCTION

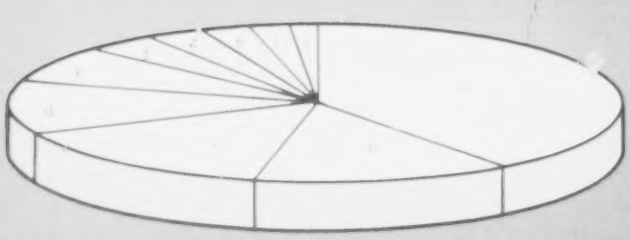
Where the money was spent

a. Human support services	$ .33
b. Public safety and justice	.22
c. Public education system	.17
d. Public works	.08
e. Economic development and regulation	.08
f. Debt service	.06
g. Governmental direction and support	.04
h. Operating transfers	.02
	$1.00



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on



a. Salaries and wages	$ .40
b. Other	.14
c. Public assistance	.14
d. Employee benefits	.09
e. Contractual services	.09
f. Interest debt service	.05
g. Occupancy	.03
h. Operating transfers	.02
i. Supplies	.02
j. Principal debt service	.02
	$1.00

Exhibit S-1

GENERAL FUND REVENUES BY SOURCE

Last Ten Fiscal Years
($000s)

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeits	Charges for Services	Miscel-laneous	Total District Revenues	Intergovernmental Payments	Intergovernmental Grants	Total (Exhibit A-2)	Excess (Deficiency)
1979	$ 799,014	29,224	16,281	23,545	18,200	886,264	262,465	410,102	1,558,831	(99,220)
1980	928,412	30,496	22,671	10,794	49,578	1,042,151	276,500	412,979	1,731,630	(105,026)
1981	1,078,830	29,245	23,478	73,418	28,944	1,233,915	304,684	373,720	1,912,319	68,300
1982	1,173,725	29,661	22,124	68,491	18,033	1,312,034	336,600	347,990	1,996,624	13,061
1983	1,295,927	29,728	22,658	122,239	20,465	1,491,017	364,143	389,587	2,244,747	12,886
1984	1,398,812	30,338	23,343	115,556	21,402	1,589,451	417,222	396,322	2,402,995	17,460
1985	1,536,027	31,460	29,214	97,576	29,976	1,724,253	471,353	438,340	2,633,946	24,926
1986	1,664,535	31,850	39,528	117,585	34,897	1,908,395	450,265	456,421	2,815,081	20,053
1987	1,873,667	31,907	36,569	134,531	24,076	2,102,750	479,500	473,157	3,055,407	20,288
1988	2,021,912	31,601	41,594	207,443	47,164	2,349,714	459,500	555,197	3,364,411	(14,279)

Exhibit S-2

GENERAL FUND EXPENDITURES AND USES BY FUNCTION

Last Ten Fiscal Years
($000s)

Fiscal Year	Govern-mental Direction	Economic Develop-ment	Public Safety	Public Education	Human Services	Public Works	Employee Benefits	Debt Service	Financing Uses	Total (Exhibit A-2)
1979	$ 90,263	149,915	309,605	306,866	460,048	128,420	—	113,359	99,575	1,658,051
1980	71,716	104,089	433,473	410,738	605,820	150,704	(156,057)	114,169	102,004	1,836,656
1981	75,509	96,807	450,526	397,944	645,192	153,868	(210,986)	123,772	111,387	1,844,019
1982	63,509	92,250	487,119	417,778	605,205	172,628	(101,181)	137,787	108,468	1,983,563
1983	55,196	118,315	562,178	448,763	718,348	250,227	(165,259)	153,217	90,876	2,231,861
1984	110,220	155,942	620,122	469,719	753,518	219,658	(204,517)	164,104	96,769	2,385,535
1985	120,473	198,209	685,091	490,561	776,318	231,503	(156,987)	177,802	86,050	2,609,020
1986	123,759	211,038	743,224	507,003	875,757	238,624	(181,402)	188,049	88,976	2,795,028
1987	136,320	239,248	813,947	554,411	954,434	250,667	(210,156)	201,824	94,424	3,035,119
1988	148,194	251,594	886,537	627,393	1,258,995	265,980	(353,854)	217,329	76,522	3,378,690

Exhibit S-3

GENERAL FUND CURRENT EXPENDITURES BY OBJECT

Last Ten Fiscal Years
($000s)

Fiscal Year	Personal Services	Employee Benefits	Contractual Services	Supplies	Occupancy	Miscellaneous Assistance	Miscellaneous Other	Total (Exhibit A-5)	Balance (Deficit)	Equity Transfers
1979	$1,015,885	(188,869)	278,932	60,942	43,429	*	234,798	1,445,117	(274,682)	—
1980	971,303	(156,057)	98,038	47,798	62,383	*	597,018	1,620,483	(377,810)	1,898
1981	1,100,229	(210,986)	129,109	34,617	77,182	*	478,709	1,608,860	(309,510)	—
1982	1,075,596	(101,181)	125,852	40,835	80,717	*	515,489	1,737,308	(300,206)	(3,757)
1983	1,254,627	(165,259)	149,121	51,007	94,380	*	603,892	1,987,768	(287,320)	—
1984	1,363,302	(204,517)	111,453	51,528	100,053	*	702,843	2,124,662	(269,860)	—
1985	1,301,864	(156,987)	168,829	58,214	105,589	407,000	460,659	2,345,168	(244,934)	—
1986	1,512,300	(181,402)	202,365	58,932	95,349	425,000	405,459	2,518,003	(224,881)	—
1987	1,667,225	(210,156)	229,322	64,478	103,040	445,700	439,262	2,738,871	(204,593)	—
1988	2,033,283	(353,854)	294,260	75,908	114,741	467,605	452,896	3,084,839	(218,872)	—

* Included in Other.

Exhibit S-4

MAJOR TAX RATES

Last Ten Fiscal Years

Fiscal Year	Property (1) Real Residential Owner-Occupied	Property (1) Real Residential Tenant-Occupied	Property (1) Real Commercial Hotels	Property (1) Real Commercial Other	Property (1) Personal	Sales and Use General (2)	Sales and Use Selective Alcoholic Beer (3)	Sales and Use Selective Alcoholic Spirits (4)	Sales and Use Selective Motor Fuel (4)	Income (5) Individual	Income (5) Business	Receipts (6) Public Utility
1979	$1.54	1.54	1.83	1.83	2.82	.05	2.25	1.50	.100	.020-.110	.0990	.060
1980	1.22		2.13	2.13	3.10	.06			.110			
1981									.130			
1982									.140			
1983									.148			
1984									.155			.067
1985			1.82	2.03							.1050	
1986												
1987										.060-.100		
1988										.060-.095	.1025	

Units: (1) Per $100 of assessed value. (2) Per $1 of sales. (3) Per barrel. (4) Per gallon. (5) Per $1 of taxable income. (6) Per $1 of gross receipts.

Source: Department of Finance and Revenue.

Exhibit S-5

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Tax Years
($000s)

Property Tax Year*	Tax Levy	Tax Collections			Percent of Collections to Levy		Delinquent Taxes	
		Current	Delinquent	Total	Current	Total	Outstanding	Percent to Levy
1979	$171,703	168,755	2,442	171,197	98.3	99.7	$ 3,271	1.9
1980	184,715	180,962	2,695	183,657	98.0	99.4	8,537	4.6
1981	230,367	224,573	3,900	228,473	97.5	99.2	10,950	4.8
1982	281,137	274,898	4,217	279,115	97.8	99.3	8,856	3.2
1983	334,667	326,252	6,353	332,605	97.5	99.4	10,271	3.1
1984	346,839	340,990	5,249	346,239	98.3	99.8	12,903	3.7
1985	392,635	383,763	5,237	389,000	97.7	99.1	14,809	3.8
1986	416,389	410,668	9,311	419,979	98.6	100.9	13,799	3.3
1987	469,219	459,716	8,025	467,741	98.0	99.7	15,036	3.2
1988	509,747	501,424	12,005	513,429	98.4	100.7	9,361	1.8

* Property tax year is from July 1 to June 30. Taxes are payable in two equal installments on September 15 and March 31. Fiscal year is from October 1 to September 30.

Source: Department of Finance and Revenue.

Exhibit S-6

DISTRIBUTION OF INDIVIDUAL INCOME TAXES

Last Two Calendar Years

Taxable Income	1987			1986		
	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers	Percent of Total Taxes Collected	Number of Taxpayers	Percent of Taxpayers
Under $5,000	0.2	32,499	10.2	0.4	32,523	10.5
$ 5,000 to 9,999	2.3	53,209	16.7	2.6	52,452	16.9
$10,000 to 14,999	6.0	55,439	17.4	6.3	54,038	17.5
$15,000 to 24,999	19.9	86,345	27.0	19.6	82,857	26.8
$25,000 to 49,999	34.6	68,502	21.5	34.4	66,134	21.4
$50,000 to 99,999	20.2	17,842	5.6	20.0	16,981	5.5
$100,000 and over	16.8	5,098	1.6	16.7	4,428	1.4
Total	100.0	318,934	100.0	100.0	309,413	100.0

Source: Department of Finance and Revenue.

Exhibit S-7

ASSESSED VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years
($000s)

Fiscal Year	Commercial Construction		Residential Construction		Bank Deposits (1)	Assessed Value of Property*			
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Total Taxable	Nontaxable
1979	57	$190,462	1,871	$60,190	5,092,065	3,815,000	6,823,000	10,638,000	10,601,000
1980	72	163,760	2,763	92,430	5,264,407	4,216,000	7,378,000	11,594,000	13,154,000
1981	56	180,747	1,172	30,002	5,781,615	4,981,000	8,984,000	13,965,000	13,407,000
1982	52	328,093	441	15,920	6,117,083	6,505,200	11,494,800	18,000,000	14,954,000
1983	93	497,614	608	38,072	7,329,039	8,038,700	12,055,300	20,094,000	20,062,000
1984	183	639,670	475	25,725	8,091,000	8,865,100	11,859,000	20,724,100	20,531,000
1985	153	304,925	628	30,031	9,059,000	11,321,600	12,124,600	23,446,200	22,152,700
1986	206	436,924	992	61,123	9,353,850	11,958,000	13,049,000	25,007,000	22,585,000
1987	131	640,294	1,249	171,490	10,070,904	14,130,500	14,002,800	28,133,300	23,115,300
1988	386	706,020	576	91,603	11,210,442	16,424,500	15,259,700	31,684,200	24,058,600

* Assessed value is 100 percent of estimated actual value.

Sources: (1) FDIC *Summary of Deposits* in all commercial banks.
Department of Finance and Revenue.

Exhibit S-8

TEN HIGHEST ASSESSED VALUES FOR TAX EXEMPT PROPERTIES

July 1, 1988

Property*	Value
George Washington University and Medical Center	$554,187,714
Howard University and Hospital	298,098,051
Georgetown University and Hospital	292,976,357
Washington Hospital Center	186,915,218
American University	160,814,215
International Monetary Fund	159,893,300
Inter-American Development Bank	148,178,000
National Cathedral	123,186,281
National Geographic Society	121,391,469
Catholic University of America	101,058,595

* Excludes Federal government property.

Source: Department of Finance and Revenue.

Exhibit S-9

TEN HIGHEST ASSESSED VALUES FOR COMMERCIAL PROPERTIES

July 1, 1988

Squares	Lots	Building	Land	Improvements	Total
106	49	International Square	$142,854,300	72,240,700	215,095,000
254	837	National Place	102,020,010	91,366,990	193,387,000
346	832-834	1001 Pennsylvania Avenue, N.W.	97,018,410	75,870,977	172,889,387
163	55	Washington Square	91,087,410	59,536,590	150,624,000
224	22	Metropolitan Square	68,894,640	61,993,722	130,888,362
2132	32	Washington Sheraton Corporation	23,176,325	94,782,671	117,959,000
290	43	Columbia Square	52,879,050	63,535,500	116,414,550
493	805-808	Federal Plaza	35,784,372	80,217,532	116,001,904
1173	820	3000 K Street, N.W.	31,214,704	84,566,796	115,781,500
225	33	1401 Pennsylvania Avenue, N.W.	63,205,194	44,408,556	107,613,750

Source: Department of Finance and Revenue

Exhibit S-10

TEN HIGHEST ASSESSED VALUES FOR RESIDENTIAL PROPERTIES

July 1, 1988

Squares	Lots	Location	Land	Improvements	Total
2630	819	1940 Shepherd Street, N.W.	$4,496,811	4,467,100	8,963,911
1346	819, 821	2101 Foxhall Road, N.W.	6,975,074	1,208,376	8,183,450
1346	3, 4	1801 Foxhall Road, N.W.	6,809,638	1,000,000	7,809,638
1467	801-803 825 866-874 876-880	50th & Massachusetts Avenue, N.W.	5,449,985	—	5,449,985
1341	856, 858 859, 861	2209 Foxhall Road, N.W.	4,075,956	876,480	4,952,436
1285	803, 804 805, 812	1623 28th Street, N.W.	2,188,257	2,290,994	4,479,251
1341	857	2401 Foxhall Road, N.W.	2,304,730	993,120	3,297,850
2198	14	2329 Massachusetts Avenue, N.W.	519,359	2,485,641	3,005,000
1284	807	1627 29th Street, N.W.	1,280,938	1,634,068	2,915,006
1209	889	3014 N Street, N.W.	774,484	2,126,516	2,901,000

Source: Department of Finance and Revenue

Exhibit S-11

COMPUTATION OF LEGAL DEBT LIMITATION

Last Two Fiscal Years
($000s)

	1988	1987
Revenues:		
General Fund:		
District revenues (Exhibit S-1)	$2,349,714	2,102,750
Payment in lieu of taxes (Exhibit S-1)	459,500	479,500
Water and Sewer Fund (Exhibit C-2)	197,174	205,504
	3,006,388	2,787,754
Less: court fees (Exhibit A-3)	4,488	4,058
Total revenues	3,001,900	2,783,696
Principal and Interest:		
General Fund:		
Principal (Exhibit S-13)	$ 66,630	53,416
Interest (Exhibit S-13)	148,783	145,495
Water and Sewer Fund:		
Principal matured (Note 6A)	9,810	8,101
Interest expense (Exhibit C-2)	19,877	21,336
Interest capitalized (Note 5B)	2,003	1,247
Total principal and interest	$ 247,103	229,595
Percent of Principal and Interest to Revenues*	8.2	8.2

* Under the District of Columbia Self-Government and Governmental Reorganization Act, no long term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long term general obligation debt to exceed 14 percent of the revenues of the fiscal year in which the debt is issued.

Exhibit S-12

PERCENT OF DEBT TO ASSESSED VALUE AND DEBT PER CAPITA

Last Ten Fiscal Years
($000s)

Fiscal Year	Population (Exhibit S-14)	General Obligation Debt (Note 6A)			Assessed Value (Exhibit S-7)	Percent of Debt to Assessed Value	Debt per Capita*
		Enterprise	General	Total			
1979	656,000	$154,628	1,246,642	1,401,270	10,638,000	13.2	$2,136
1980	638,000	159,880	1,307,013	1,466,893	11,594,000	12.7	2,299
1981	632,000	170,017	1,403,744	1,573,761	13,965,000	11.3	2,490
1982	626,000	187,175	1,502,825	1,690,000	18,000,000	9.4	2,700
1983	624,000	235,069	1,589,485	1,824,554	20,094,000	9.1	2,924
1984	623,000	261,229	1,646,633	1,907,862	20,724,100	9.2	3,062
1985	623,000	278,224	1,781,265	2,059,489	23,446,200	8.8	3,306
1986	625,000	297,049	1,952,196	2,249,445	25,007,000	9.0	3,599
1987	622,000	295,057	2,074,333	2,369,690	28,133,300	8.4	3,810
1988	620,000	302,802	2,116,088	2,418,890	31,684,200	7.6	3,901

* There is no revenue, special assessment or overlapping debt.

Exhibit S-13

PERCENT OF DEBT SERVICE TO GENERAL FUND EXPENDITURES

Last Ten Fiscal Years
($000s)

Fiscal Year	Debt Service (Exhibit A-2)				General Fund Expenditures (Exhibit S-2)	Percent of Debt Service to General Fund Expenditures
	Principal	Interest	Fiscal Charges	Total		
1979	$18,593	94,766	—	113,359	1,558,476	7.3
1980	21,643	92,526	—	114,169	1,836,656	6.2
1981	22,729	101,043	—	123,772	1,844,019	6.7
1982	25,419	112,368	—	137,787	1,983,563	6.9
1983	26,340	126,877	—	153,217	2,231,861	6.9
1984	27,852	136,252	—	164,104	2,385,535	6.9
1985	30,089	140,373	7,340	177,802	2,609,020	6.8
1986	39,505	145,104	3,440	188,049	2,795,028	6.7
1987	53,416	145,495	2,913	201,824	3,035,119	6.6
1988	66,630	148,783	1,916	217,329	3,378,690	6.4

Exhibit S-14

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age	School Enrollment	Unemployment Rate
1979	656,000	$10,764	31.5	*	* %
1980	638,000	12,210	31.0	*	7.3
1981	632,000	13,585	30.1	*	9.0
1982	626,000	14,562	30.6	*	10.6
1983	624,000	15,545	30.9	88,175	11.7
1984	623,000	17,113	31.4	85,828	9.0
1985	623,000	18,168	31.8	84,553	8.4
1986	625,000	18,876	32.7	84,148	7.7
1987	622,000	20,457	33.0	83,382	6.3
1988	620,000	21,537	*	84,519	4.9

* Not available.

Sources: (1) Federal Bureau of the Census.

(2) Federal Department of Commerce, Bureau of Economic Analysis.

Exhibit S-15

GOVERNMENTAL AND EXPENDABLE TRUST FUNDS

SUMMARY OF CHANGES IN CASH AND INVESTMENTS

Last Two Fiscal Years
($000s)

	Governmental Fund Types		Fiduciary Fund Type	Totals	
	General	Capital Projects	Expendable Trust	1988	1987
Sources of Cash:					
Operations					
Excess (deficiency) of revenues over (under) expenditures	$ 62,243	(179,045)	281	(116,521)	(77,237)
Items benefiting prior or future years:					
Capital outlays	—	281,732	—	281,732	284,736
Debt service principal	66,630	—	—	66,630	53,416
Working capital provided	128,873	102,687	281	231,841	260,915
Increase (decrease) in current restricted liabilities:					
Accounts payable	(24,659)	5,084	—	(19,575)	(23,288)
Compensation liabilities	25,151	—	—	25,151	23,105
Due to Federal government	(1,634)	—	—	(1,634)	(21,477)
Due to other funds	2,232	—	—	2,232	985
Accrued liabilities	6,124	—	—	6,124	(6,040)
Deferred revenue	22,670	33,985	—	56,655	24,475
Other current liabilities	(9,620)	—	—	(9,620)	4,161
Due to others	—	—	85,921	85,921	(44,003)
Decrease (increase) in current restricted assets:					
Receivables	(29,741)	—	—	(29,741)	(42,684)
Due from Federal government	(20,094)	(6,721)	(23)	(26,838)	(22,964)
Due from other funds	325	—	(350)	(25)	10,716
Inventories	(3,702)	—	—	(3,702)	(2,115)
Other current assets	742	—	—	742	(346)
Due from others	—	—	(28,608)	(28,608)	(33,249)
Cash provided	96,667	135,035	57,221	288,923	128,191
Other sources of cash:					
Proceeds of long term liabilities	100,159	91,929	1,044	193,132	420,222
Operating transfers in	46,139	481	1,825	48,445	62,910
Total sources of cash	242,965	227,445	60,090	530,500	611,323
Uses of Cash:					
Addition of long term assets	23,828	—	—	23,828	1,040
Acquisition of fixed assets	—	281,732	—	281,732	284,736
Payment of long term liabilities	150,333	—	—	150,333	292,814
Refunding charges	16,456	—	—	16,456	8,840
Operating transfers out	122,661	—	—	122,661	138,146
Total uses of cash	313,278	281,732	—	595,010	725,576
INCREASE (DECREASE) IN CASH AND INVESTMENTS	(70,313)	(54,287)	60,090	(64,510)	(114,253)
Cash and Investments at Beginning of Year	161,865	144,766	139,695	446,326	560,579
Cash and Investments at End of Year	$ 91,552	90,479	199,785	381,816	446,326

Exhibit S-17

MISCELLANEOUS STATISTICS

Last Two Fiscal Years

	1988	1987
Area (square miles):		
Federal and foreign governments	23.9	23.7
District government	2.5	2.5
Streets and alleys	15.2	15.4
Taxable base	20.3	20.3
Total area	61.9	61.9
Employees (authorized, permanent, full-time):		
Governmental direction	2,140	2,087
Economic development	1,303	1,244
Public safety and justice	11,078	10,810
Education and libraries	11,742	11,367
Human services and recreation	5,154	4,047
Public works	3,022	2,918
Total employees	34,439	32,473
Police Protection:		
Number of stations	13	13
Number of police officers	3,782	3,848
Crime index offenses	58,959	52,092
Fire Protection:		
Number of stations	35	34
Number of fire fighters	1,302	1,356
Transportation:		
Number of street lights	65,312	65,327
Number of traffic signalized intersections	1,293	1,288
Number of motor vehicle registrations (1/1-12/31)	400,000	402,509
Water:		
Number of consumers	128,407	127,800
Average daily consumption (in millions of gallons)	142	156
Miles of mains	1,286	1,286
Sewers:		
Miles of mains	1,800	1,800
Daily maximum capacity (in millions of gallons)	650	650
Economic:		
Taxable retail sales (in millions)	$5,600	5,416
Unemployment claims accepted	34,348	36,084
Unemployment claims rejected	11,845	11,636
Recreation:		
Number of centers and playgrounds	107	102
Number of day camps	18	18
Number of outdoor swimming pools	34	34
Number of indoor swimming pools	11	11
Libraries:		
Number of main and branch buildings	21	21
Number of community and kiosk facilities	5	5
Number of volumes	1,571,897	1,486,638
Education:		
Number of public schools	185	184
Number of public school teachers	6,572	5,999
Education level (in years of formal schooling)	12	12

COLUMBIA PLAZA SHOPPING MALL